Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

FARMERS' HOME ADMINISTRATION OPERATING AND HOUSING LOANS

LIBRARY
LAW UNIT
U.S. DEPARTMENT OF AGRICULTURE

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE AND FORESTRY UNITED STATES SENATE

EIGHTY-FOURTH CONGRESS

SECOND SESSION

ON

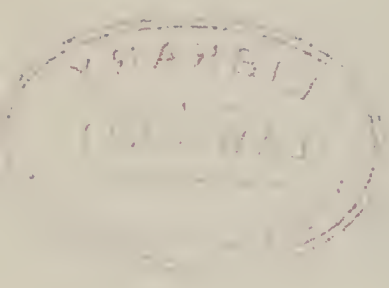
S. 1199, S. 2961, S. 3034, S. 3035, S. 3184, S. 3185, S. 3247, S. 3293, S. 3374, S. 3429, S. 3559, S. 3790, and S. 3850

BILLS TO IMPROVE AND SIMPLIFY THE CREDIT FACILITIES AVAILABLE TO FARMERS, TO AMEND THE BANKHEAD-JONES FARM TENANT ACT, AND FOR OTHER PURPOSES

MAY 8, 17, AND 24, 1956

Printed for the use of the Committee on Agriculture and Forestry

UNITED STATES
GOVERNMENT PRINTING OFFICE
78487 WASHINGTON : 1956



COMMITTEE ON AGRICULTURE AND FORESTRY

ALLEN J. ELLENDER, Louisiana, *Chairman*

OLIN D. JOHNSTON, South Carolina	GEORGE D. AIKEN, Vermont
SPESSARD L. HOLLAND, Florida	MILTON R. YOUNG, North Dakota
JAMES O. EASTLAND, Mississippi	EDWARD J. THYE, Minnesota
EARLE C. CLEMENTS, Kentucky	BOURKE B. HICKENLOOPER, Iowa
HUBERT H. HUMPHREY, Minnesota	KARL E. MUNDT, South Dakota
W. KERR SCOTT, North Carolina	JOHN J. WILLIAMS, Delaware
STUART SYMINGTON, Missouri	ANDREW F. SCHOEPPEL, Kansas

COTYS M. MOUSER, *Chief Clerk*

SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION

SPESSARD L. HOLLAND, Florida, *Chairman*

HUBERT H. HUMPHREY, Minnesota	KARL E. MUNDT, South Dakota
W. KERR SCOTT, North Carolina	ANDREW F. SCHOEPPEL, Kansas

CONTENTS

Statement of: Page

Allott, Hon. Gordon, a United States Senator from the State of Colorado 51

Baker, John A., coordinator of legislative services, National Farmers Union 93

Coon, Hon. Sam, Representative on Congress from the Second Congressional District of Oregon 72

Gibbons, Glenn G., manager, Blue Mountains Prune Growers Cooperative, Milton-Freewater, Oreg 110

Halvorson, Lloyd C., National Grange 117

Jackson, Hon. Henry M., a United States Senator from the State of Washington 1

McLeaish, R. B., Administrator, Farmers' Home Administration, United States Department of Agriculture 74

Mitchell, Donald S., Chief, Land and Water Branch, Irrigation Division, Bureau of Reclamation, Department of the Interior 14

Riggle, John J., secretary, National Council of Farmer Cooperatives 92

Scott, Kenneth L., Director, Agricultural Credit Services, United States Department of Agriculture 74

Smith, Henry C., Deputy Administrator, Farmers' Home Administration, United States Department of Agriculture 74

Stennis, Hon. John C., a United States Senator from the State of Mississippi 47

Walter, Hubert H., administrative assistant to the Columbia Basin Commission, Ephrata, Wash 5

Williams, M. H., Chief, Production and Subsistence Loan Branch, Loan Division, Farmers' Home Administration, United States Department of Agriculture 10

Zahn, George D., Columbia Basin Commission, Methow, Wash 8

Miscellaneous documents:

Letter to Senator Jackson from the Bureau of Reclamation on farm financing in the Columbia Basin project 3

Summary of recommendations taken from South Columbia Basin Irrigation District and FHA committee of Columbia Basin Farmers Association reports 4

Statement filed by Harold J. Eidemiller, secretary, South Columbia Basin Irrigation District 5

Letter to Senator Jackson from Harold J. Eidemiller, secretary, South Columbia Basin Irrigation District, on February 20 meeting concerning operating loans 15

S. 1199, 84th Congress, and report from the Department of Agriculture 19

S. 2961, 84th Congress, and report from the Department of Agriculture 22

S. 3034, S. 3185, and S. 3374, 84th Congress, and report from the Department of Agriculture 24

S. 3035 and S. 3184, 84th Congress, and report from the Department of Agriculture 26

S. 3247, 84th Congress, and report from the Department of Agriculture 29

S. 3293, 84th Congress, and report from the Department of Agriculture 33

S. 3429, 84th Congress, and report from the Department of Agriculture 33

S. 3559, 84th Congress, and report from the Department of Agriculture 38

S. 3790, 84th Congress 39

S. 3850, 84th Congress 46

Miscellaneous documents—Continued Page
Letter from Arthur L. Anderson, president, Colorado Farm Bureau, Denver, Colo 51
Statement filed by J. B. McKeever, vice president, National Bank of Holly, Colo., and American State Bank of Granado, Colo 62
Letters, dated May 17 and 23, 1956, from Hon. Dennis Chavez, a United States Senator from the State of New Mexico 63
Statement filed by Hon. William Langer, a United States Senator from the State of North Dakota 71
Extension of remarks of Hon. Lee Metcalf, Congressional Record, May 8, 1956 95
Excerpt from the Wall Street Journal, on increased interest paid by farmers 97
Letter to the National Farmers Union from Moody Rankin, secretary-treasurer, Winter Garden Production Credit Association, Crystal City, Tex. 97
Telegram to Senator Neuberger, from Claude McElrath, master, Stateline Grange, Milton-Freewater, Oreg 104
Statement filed by Hon. Mike Mansfield, a United States Senator from the State of Montana 105
Statement filed by Hon. J. Glenn Beall, a United States Senator from the State of Maryland 106
Statement filed by Hon. Carl T. Curtis, a United States Senator from the State of Nebraska 107
Statement filed by Hon. Lee Metcalf, Representative in Congress from the First Congressional District of Montana 107
Statement filed by Hon. Wayne Morse, a United States Senator from the State of Oregon 114
Letter from Hon. Clinton P. Anderson, a United States Senator from the State of New Mexico 123
Statement filed by Hon. Warren G. Magnuson, a United States Senator from the State of Washington 127
Statement filed by Hon. Stuart Symington, a United States Senator from the State of Missouri 129
Letter from John C. Lynn, legislative director, American Farm Bureau Federation 130
Statement filed by J. Olney Brott, general counsel, American Bankers Association 130
Letter from Leo V. Bodine, executive vice president, National Lumber Manufacturers Association 132
Telegrams to Senator Neuberger from:
Wallace Bullock, president, Milton-Freewater, Oreg., Farm Bureau 132
Mr. and Mrs. Clint Graham, Milton-Freewater, Oreg 132
Elmer McClure, master, Oregon State Grange 133
Verne Tinnerstet, manager, Pendleton, Oreg., Chamber of Commerce 133
Al Hoffman, chairman, Milton-Freewater, Oreg., Prune Control Committee 133
Norton O. Taylor, county extension agent, Milton-Freewater, Oreg 133

FARMERS' HOME ADMINISTRATION OPERATING AND HOUSING LOANS

TUESDAY, MAY 8, 1956

UNITED STATES SENATE,
SUBCOMMITTEE ON AGRICULTURAL CREDIT,
AND RURAL ELECTRIFICATION,
OF THE COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D. C.

The subcommittee met, pursuant to call, at 10:10 a. m., in room 324, Senate Office Building, Senator W. Kerr Scott presiding.

Present: Senator Scott.

Also present: Senator Jackson.

Senator SCOTT. The meeting will come to order.

Senator Jackson, would you like to make a statement?

STATEMENT OF HON. HENRY M. JACKSON, A UNITED STATES SENATOR FROM THE STATE OF WASHINGTON

Senator JACKSON. Yes, Mr. Chairman.

I am appearing here this morning in behalf of the bill, Senate 3374, introduced by Senator Magnuson and me.

I wish to thank the committee for scheduling this hearing today in order to hear testimony from representatives of the Columbia Basin area of Washington State.

Representatives of the Columbia Basin Commission appeared yesterday before the Irrigation and Reclamation Subcommittee of the Interior Committee. They supported proposals for removing acreage restrictions on reclamation units which now apply only to units in the Columbia Basin project. They want the project brought under the provisions of the Reclamation Act of 1902, which governs other reclamation areas.

The Chair may recall that the act of 1902 has an overall restriction of 160 acres.

At the hearing yesterday, it was pointed out that an immediate need in the Columbia Basin area—particularly in newly developing portions of the basin—is improved credit. This need can partly be attributed to the general decline in farm income. It can also be partly attributed to an unprecedented early freeze during the last season which caused considerable losses in cash crops.

However, much of the problem is really due to the unique situation of the Columbia Basin project. Farming in this area requires pioneering on virgin land. A man does not find an existing, working farm to operate when he moves to the basin. He must build a home and barns, dig a well, and level and prepare the land before he can actually

farm. His land must be brought to maturity before it will support a cash crop. Therefore, early development costs are extremely high. A farmer's financing must be geared to carry him through this early development period to a point where he can make a profit and repay his debts.

The Bankhead-Jones Farm Tenant Act was not designed to meet the needs of farmers developing virgin land. In addition, costs have gone up so considerably that a farmer cannot stretch the money received under existing credit restrictions thin enough to cover his needs.

Mr. Chairman, I will not go into the details of the problem because representatives from the area are present to do so. However, I wish to point out that existing credit help provided by the Federal Government has fallen short of meeting the needs of farmers in the area.

This is particularly true in the southern portion of the Columbia Basin project, which is just being developed. Here, the delinquency rate on FHA loans is approximately 63 percent.

The Federal Government has encouraged veterans from all over the country to leave established jobs and homes to find a "home and independence" in the Columbia Basin. I am sure the committee will agree that we have an obligation to see that the actions of the Federal Government make it possible for these men to work for and achieve these goals, in line with the opportunities they have been promised.

Mr. Chairman, the bill, S. 3374, would amend the existing act which provides for a beginning development loan of $7,000. That minimum would be raised to $12,000 and the ceiling would be raised from $10,000 to $25,000.

Section 2 of the bill strikes out the provision in the existing law of 7 years for the amortization period and extends that to 12.

I think it is quite clear that by reason of what we have learned by actual experience in the Columbia Basin, that the present law is inadequate to meet the needs of the area. I think one of the big problems has been that they had figured the farmer would go on the land and within a relatively short period of time would be able to make enough money to start paying. What has developed is that under existing law the farmer starts out delinquent and he cannot overcome those delinquent payments in a period of 7 years. It simply will not pay out.

Senator SCOTT. Senator, right at that point, even in the more stable sections, the Bankhead-Jones Act, when that was drawn up, it included provisions that were adequate at that particular time, but they are not sufficient for this day and time.

Senator JACKSON. That is correct, Mr. Chairman. I think that is an excellent point.

In addition to that, the people who go into the Columbia Basin are pioneering. We did not at the time have an established record from which to proceed. It has been a matter of trial and error, and we have discovered that as a result of the operation of the existing law, the provisions are not sufficiently flexible to deal with the problem that we have in the Columbia Basin.

We have a tremendous Federal investment, of course, in this gigantic undertaking.

The farmers in the area are not asking for anything unreasonable. They merely want to have a credit program that will deal with their problem realistically.

I might say that a tremendous number of veterans have come to our State from all over the United States. This, together with the decline in farm prices, adverse weather, plus the original unworkable provisions of the law that set up the means for obtaining credit, has combined to create a crisis in the basin.

I was out there in February in connection with a hearing on the Hanford atomic energy plant at Richland, Wash.

After our hearings were over I met with a group of farmers from the area. I was amazed to find the tremendous amount of difficulty that they had encountered in that area and the gentlemen who are here this morning from the Columbia Basin Commission will corroborate what I am saying.

As I indicated in my prepared statement, Mr. Chairman, this is a part of an overall problem that we have in the basin. I think in addition to the credit problem we have discovered, we find now that the acreage allotments are not of adequate size. The average farm unit in the basin today is 75.9 acres. It is quite obvious that we will have to increase the acreage allotments. That is a matter that will have to be taken up by the Irrigation and Reclamation Subcommittee of the Interior Committee.

If it meets with the approval of the chairman, I would like to read into the record a letter that I received from the Commissioner of the Bureau of Reclamation on this subject of farm development. I think it is appropriate and might be helpful.

It is addressed to me.

APRIL 20, 1956.

In your letter of March 8, 1956, you commented on various aspects of farm development on the Columbia Basin project with special reference to farm financing. You further advised that you, Senator Magnuson and Congressman Don Magnuson had joined in the introduction of legislation designed to aid in the solution of some difficulties thus encountered. The following discussion generally reflects the credit situation as observed on the Columbia Basin project during a recent completed reexamination of the settlement and development program by a committee of Bureau technicians.

Credit and financing, nearly always a problem in newly developed irrigated areas, is possibly of a more critical nature on the Columbia Basin project than on many other reclamation projects. This is probably due to the comparatively large number of farms involved. Generally speaking, the needs for short-term credit are being met. However, a serious shortage of such credit may ensue as some of the more expensive and difficult-to-develop units are brought into production.

Intermediate credit (2 to 7 years) for financing hay, pasture, and livestock development or for fruit and vine enterprises is difficult to arrange. As a body of experienced and prudent farmers develop, such intermediate credit may be extended on a somewhat wider scale. At the present time, neither commerical banks, nor Government credit agencies appear prepared to adequately meet this need.

Long-term credit is supplied by the Farmer's Home Administration, Federal land bank, some insurance companies and individuals. The major portion of the long term credit heretofore available has been through the Farmers' Home Administration. While they have performed highly creditable services to the area, the needs are such that they are constantly extended to the limits of their authorities, funds, and personnel.

In spite of the credit and financing problems, settlement and development of the Columbia Basin project are for the most part equaling or exceeding expectations. It is true that development difficulties due to lack of adequate financing are being encountered in some instances. To a considerable extent the seriousness of the current situation throughout the project is attributable to unprecedented freezing weather during the season just past which occasioned extensive losses of beans, potatoes, sugar beets, and similar cash crops.

Generally declining crop prices have further contributed to the critical nature of the situation. This, however, does not imply that sound agricultural development cannot or will not ultimately be achieved. As mature development approaches and farmers overcome the extreme financial demands of early development years the project will, in our opinion, become a firmly established stable area of irrigated agriculture.

Our program is under constant review and every effort is made to adjust within the limits of our authority to meet the demands of economic fluctuations and similar circumstantial changes. There is, however, little the Bureau of Reclamation can do directly to alleviate the tight situation with respect to credit and financing available to project farmers. We are, of course, vitally interested in any developments which might lead to the availability of additional credit of all types to the farmers in urgent need of such assistance.

We appreciate your interest in this matter and assure you of our sincere cooperation in any manner within the limits of our program and legislative authority.

Sincerely yours,

W. A. DEXHEIMER, *Commissioner.*

Mr. Chairman, I also have a summary of recommendations made by the farmers from the South Columbia Basin Irrigation District. This was included in a letter that I received from Mr. Clyde C. Houston, attorney for the Columbia Basin Farmers Association, and I would like, with your permission to have this summary included at this point.

Senator SCOTT. Yes.

(The matter referred to is as follows:)

SUMMARY OF RECOMMENDATIONS TAKEN FROM SOUTH COLUMBIA BASIN IRRIGATION DISTRICT AND FHA COMMITTEE OF COLUMBIA BASIN FARMERS ASSOCIATION REPORTS

1. Production and subsistence loans should be liberalized and the amount and time of repayment should be scheduled in relation to the length of time in which the income will be realized. Certain seed crops, legumes, pasture, fruits, and vegetables return no income for 2 or 3 years.

2. Development and operation loans should be set up so that no repayment of principal need be made until the end of the third year, interest to be paid concurrently. Production and subsistence loan limit should be raised to $12,000 and the time limit advanced from the present 7 years to a maximum of 12 years.

3. On farm ownership loans the farmer's opinion of his needs should receive prime consideration as to adequacy of dwellings and buildings, and as to the amount of money to be used for buildings, land development, and other improvements. Borrowers should be allowed up to 5 years to complete all improvements. Borrowers should not be required to expend any large proportion of their development loans on a home.

4. The FHA should be authorized to guarantee up to 70 percent of the USBR appraised value, farm real-estate loans made by other agencies. To qualify for guaranty, said loans should be for a period of up to 20 years with interest not to exceed 6 percent with no discount, and subject to reappraisal for increased commitment.

5. A statement signed by any two competent lending agencies in the immediate area that the applicant cannot obtain credit from them should be considered prima facie evidence that applicant has no available source of credit. Nonfarm residences or other valuable property of applicant not readily salable without loss should not be considered a source of credit.

6. Present requirement that no outside source of income be utilized in determining ability to repay is not realistic. Permission should be granted by the county FHA committee for qualified borrowers to utilize outside sources of income such as custom harvest, temporary employment, etc., to supplement farm income.

7. Review and acceptance or rejection of all types of loans should be expedited. Delay in processing loans, particularly operating and subsistence loans, frequently results in crop loss in the fall due to crops not being planted at the proper time. Procedures should be streamlined so all loans other than farm ownership

loans can be completed within 15 days. Ownership loans should not require more than 30 days to process in most cases.

8. Local lending boards should be composed of members selected by operators of land on the project.

9. Supervision of farm practices should be made only by those qualified by practical farm experience to do so.

10. Local farming experience should be a credit factor given considerable weight in setting FHA minimum capital requirements.

11. All veterans units and others should be inspected and screened by the FHA prior to their being offered for sale by the Bureau of Reclamation, to make sure that they will meet FHA requirements for farm ownership loans.

Senator JACKSON. It is my understanding that the Department of Agriculture supports an increase in the minimum development loan from 7 to 10. I have made it 12, because I think it is more realistic in keeping with current requirements, and it is my understanding that the outside limit that they support is $20,000. The proposal submitted by Senator Magnuson and myself was for $25,000.

I have also extended the payout period from 7 years to 12. The position taken by the Department of Agriculture, I believe, is 10.

In any event, however, the Department of Agriculture supports these modifications, although not specifically as they appear in the bill that Senator Magnuson and myself have introduced. The Department of Agriculture and the letter that I just read from the Commissioner of the Bureau of Reclamation, agree that there is need for amendment to the law. I am hopeful that if it is at all possible, the committee will be able to act without too much delay because of the crisis that we face in the Columbia Basin area.

Mr. Chairman, we have two representatives from the Columbia Basin Commission, the executive secretary of the commission, Mr. Hubert Walter is here, and he will be glad to testify, and Senator George Zahn, who is a member of the commission and also a State senator in the State of Washington.

Senator SCOTT. We will be glad to hear from you.

STATEMENT OF HUBERT H. WALTER, ADMINISTRATIVE ASSISTANT TO THE COLUMBIA BASIN COMMISSION, EPHRATA, WASH.

Mr. WALTER. I have here the prepared statement of Mr. Harold J. Eidemiller, who is secretary of the South Columbia Basin Irrigation District, which is our most critical area. He has prepared that for this hearing, and I would like to speak briefly from that, and then, file that as a part of the record if possible.

(Mr. Eidemiller's statement is as follows:)

Whereas it has been deemed desirable that those lands in the Columbia Basin project coming under the jurisdiction of the United States of America as to disposal, shall be sold only to those qualifying under veterans' preference rights and having the necessary minimum assets with which to develop the land. While there can be no quarrel with this procedure, adequate provision has not been made to enable those chosen to develop the farm successfully.

On this project it is required that a veteran be in possession of $4,500 either in cash or usable assets and having established that he has this amount he is permitted to choose a farm. Until recently these successful applicants were assured they would be adequately financed by the Farmers' Home Administration. However, 6 months or so ago FHA decided they would not finance those who did not have considerably more than the minimum requirement and as a consequence some 60 to 75 farm owners have arrived in the South Columbia Basin Irrigation District after severing their former connections only to find no financial help available and this after being assured at the time they made

their farm selection that they would be financed. These people are now using up their assets for living expense and have no means of developing their farms and are in dire need of relief. Some means should be found to finance this group under a setup more lenient than Farmers' Home Administration is willing to allow, perhaps an appropriation administered by the Veterans' Administration is the answer for this group.

Present thinking is that the minimum financial requirement for applicants for farms must be raised, possibly to $7,500, as a result of present prices of farm equipment. This would be in line with sound economic principles but would eliminate a very large number of otherwise worthy veterans. Decision must be made as the line to be followed, and then, having made that decision, everything should be done to insure the best possible chance for the veteran to succeed. Please note we do not say to "insure success" since inevitably there will be some who cannot make it without a perpetual subsidy and for these we make no plea.

Most farm units in this district will require the expenditure of at least $25,000 for residence, necessary outbuildings, machinery and land leveling before much can be realized in the way of returns. At this point it is well to point out that repayment of loans should not be required until the end of the third year of development, we now have a sad state of affairs resulting from the present policy of requiring that loans be repaid at the end of the first year whereiu much damage has resulted to the soil in attempting to grow crops that will yield a return the first year. Most of these attempts have resulted in failure and the borrower not only is delinquent but has no better prospect for the ensuing year. Much of this unfortunate situation can be laid directly to the policy of the Farmers' Home Administration and the impractical advice given by the local personnel, which advice the borrower is forced to accept and to operate accordingly. Many of the present borrowers came here with the intention of seeding their farms to legumes and grasses, ideally suited to the type of soil in this district, only to be told that if they followed that program they need not expect a loan from FHA. This from an agency in the Department of Agriculture, which Department purports to promote soil conservation.

This agency seems to be blissfully unaware that siuce 1942 the price of alfalfa has never been less than $20 per tou and that it has been as high as $40. With a probable yield of 7 tons per acre this is no mean cash crop in itself and after 3 years the land will be in a much more favorable condition to grow a profitable annual crop. We submit that the Farmers' Home Administration is radically in need of some up-to-date ideas in their administration of the program as well as the changes needed in the act itself. Something is radically wrong when settler after settler will tell you that he will go to any length to stay out of the clutches of FHA. It is realized that it is difficult to exclude personalities in the administration of any program but nevertheless it is possible. In evaluating the cases of those who are successful in securing a loan and those who are not we wonder just what has been the deciding factor.

In summation we would support amendemnts to the Bankhead-Joues Farm Tenant Act as follows:

(1) That no repayment of principal be required in the case of production and subsistence loans until after the end of the third year of development.

(2) Production and subsistence or "operating" loans should be available for as long as 12 years instead of the present 7 years and the limit of $7,000 on borrowing at any one time should be raised to $12,000. The overall total loan possible for this type loan should be $25,000 in lieu of the present $10,000.

By reason of departmental determinations borrowers are forced to spend too great a proportion of their loans in the construction of a dwelling when they are willing to live in a more modest home in the initial years in order to keep their indebtedness at a minimum while no returns are possible. FHA maintains that a family becomes discontented in less pretentious quarters while the prospective borrowers maintain vigorously that they are far more content with a smaller debt load. Then too the house they are now required to build is not what they want permanently but the cost is so great they must always use it.

The greater loan limits are not the entire answer to the problem since many applicants have stated that they only wish to borrow comparatively small amounts for specific purposes and use their own initiative to provide the rest, however, they inform us that this is not possible but that they must take a complete loan or none at all.

In conclusion we ask for a more realistic administration of the farmers' home program as well as the increased loan limits and for relief for those veterans now here that are presently unable to qualify for a loan.

Mr. WALTER. Our situation is critical there. The Columbia Basin Commission is a State agency set up by an act of the legislature for resource development. In past resolutions, we have wholeheartedly endorsed this amendment. We feel it will take care of our needs, not entirely, but it will go a long way toward helping those fellows who are getting started. They are all young people.

They have to be, because we have to hew this land right out of the sagebrush and put it into productive farms and the first 2 years it is terrifically rough. We do need more financing and a longer period in which to pay out. We have to put in the soil-building crops to start with.

We have to get in legumes, do our leveling and build our buildings. We are just starting from scratch. If we are restricted to 7 years for our indebtedness to FHA, it is not long enough. The first 3 years are almost nonproductive.

To get more than a living off that land and get it built up, it is terrifically hard for them to pay off in the early years, and while they are restricted to $10,000, costs have risen, even from the time this project was started to now. Equipment has gone up, and they have taken two 7 percent raises in the last year. We need more money and a longer time in which to pay out.

Possibly the first 2 or 3 years it is awfully hard for them to make any repayments.

Senator SCOTT. Right there, I feel that as long as a man is willing to work and put in everything in it—his wife and his family—that credit is one of our tools to work with. It doesn't do any good for the Government to clamp down and say, "You have to quit right here." I can realize, as a farmer myself, in developing a piece of land, I never have undertaken anything, even repairing a building, that didn't cost a little bit more than I first expected it would.

You are confronted with that all of the time. I know. I have cleared a lot of land, used bulldozers, and I have never seen those things yet get out as cheaply as you first thought they would. They just don't do it.

It doesn't do any good for the Government—with that family doing everything it can—to just go so far and say, "Go no further."

If we are going to develop the country, and that is what we want, then we must carry through.

As long as a man is carrying on, doing his level best, I think the Government ought to go along with him. That is my feeling on it.

Mr. WALTER. That is the way we feel, too. This land is highly productive. We have good soil. Once we get this land into production, it is going to pay off. We boast that in our best year there—our land has been under production 2 or 3 years—it has gone up to $175 an acre. The average last year dropped down to $113. It is a good investment.

But when you get into this initial cost, the initial costs are terrific. We are paying up to as high as $80 to $85 an acre to level this land and get it into production. We are paying $5 to $6 an acre to get our irrigation system in. It will pay off.

There is not a farm on the basin that will not pay off, but it cannot pay off in the early years.

Senator SCOTT. You can get that work done cheaper than I can get it done. I can't clear a piece of land for less than $125.

Mr. WALTER. There is a lot of our land that will cost that much. In our own case it will cost about $80 to $85. What we need is more money and more time. The FHA is doing a good job, as good a job as can be done under existing law.

Senator SCOTT. I have found those fellows conscientious.

Mr. WALTER. They are in our area, too, but to go to $7,000 is not enough. You are only going part way with it. And it cuts them off at the time when they are just really over the hump. You just go a little bit further with them, increase the overall loan and give them more time in which to pay out, and it is a cinch to work out.

In the south district we are facing a definite problem in the development costs. The FHA is not under existing laws able to take care of them. They are young veterans. The Government has brought them out there through the FHA and the Bureau of Reclamation, because they have encouraged them to come out there with minimum assets of $4,500.

They have come out there on the land of opportunity, and this $4,500 is not taking care of them. They will not lend them the money to get their land developed. There has to be some provision made somewhere so these young veterans—and they are all picked on a lottery basis, a drawing for the right to purchase—there has to be some provision made there to get them started, get their land developed, and get their land started out.

Even on a percentage with the land as collateral, to give them an opportunity to level their land and get their buildings up, it has to be done. The FHA to a large extent was designed, we believe, to take care of established farms.

We have to establish the farms. We believe that they should be more lenient by increasing the amount that they will loan and the length of time they will lend the money for. Therefore, we are in full support of the bill introduced by Senators Jackson and Magnuson.

I would like to file this statement which is from the irrigation secretary, who is familiar with the problem.

Senator SCOTT. We have accepted it.

We will be glad to hear from you, Senator Zahn.

STATEMENT OF GEORGE D. ZAHN, COLUMBIA BASIN COMMISSION, METHOW, WASH.

Mr. ZAHN. My name is George D. Zahn. I am a member of the Columbia Basin Commission.

I am a fruit rancher myself, although I do not reside on the Columbia Basin. I am one of the three commissioners chosen by the governor of the Columbia Basin.

I have no financial interest in it, but we meet constantly in the district, and I am aware of its problems. I would like to concur that the commission has noted the need for more adequate financing for veterans and settlers in the Columbia Basin, and the Columbia Basin Commission urges the Congress and this committee to take some favorable action in increasing farm loan possibilities, so that they might more adequately do a job and not face the possibility of helping a man part way and then have him forced to leave his farm.

Speaking as a farmer in a very high risk food business where you have to put in considerable capital and noting that I used to spray with

horse-drawn equipment, then later I had portable equipment of a very low cost, and now I find myself faced with putting $3,000 to $4,000 into just one spray machine to spray a given amount of orchard, that means, if I were starting in business now, the capital that I could have started with 5, 10, or 15 years ago or even 20 years ago would not nearly be adequate enough now.

I recognize that in lending money, you certainly have to be careful. You can lend a man too much money. But under sound principles, certainly if the farmer is going to stay on the farm and be made successful, he must have some time in which to get established and do it.

Another thing in the State of Washington—and I know in other States of the Union—we have had adverse things happen to us by nature.

In our State we have had a cattle-feeding situation last year where farmers had to start feeding early in November. We had to get emergency grain for them. Some of those folks are in difficulty and this kind of legislation will not only be helpful to the basin farmers, but it will help the farmers all over our State and other States, I am sure.

Senator SCOTT. It will help in our State, too.

Mr. ZAHN. That is the point. Although we are speaking for the Columbia Basin, this is going to be beneficial to farmers in every county in the State of Washington, and I am sure many, if not all of the States of our Union. In our States on the coast, the strawberries were frozen out, the cranberries were badly affected. The cattle losses have been severe, and the fruit losses are going to be heavy. We will get by and get back into business, but we will need a little help.

It is this kind of legislation that will allow the Farmers' Home Administration to do a better job, and I want to say for the record that they have done a conscientious, generally helpful job within the scope of the legislation that they have had to conduct themselves under, and I believe with a policy that is proposed in this legislation, they can do a better job, and the farmers will have a chance to get out of any difficulties imposed upon them by nature, and the basin farmers who are starting from sagebrush will have better opportunities to get established and become worthwhile taxpaying citizens of that area.

If there are any questions, I would be delighted to answer them. The Columbia Basin Commission is in support of this kind of legislation.

Senator SCOTT. Thank you very much for your statement.

I say again, I can appreciate what you say both as a farmer myself and observing neighbors who have used Farmers' Home Administration Assistance all the way through. There isn't any question but what we can do it. We just need to readjust ourselves to present-day conditions.

Mr. ZAHN. That is right, Senator.

Senator JACKSON. I am glad that Senator Zahn mentioned the fact that, of course, this amendment would have universal application. It would help meet a serious situation in many other States. It comes at a time when we have had unprecedented weather conditions throughout the country, and at a time when farm income has been on the decline, and I am sure that the credit arm, as you have pointed out, could be very helpful in protecting the integrity of our farmers.

We are talking, of course, about farmers who are willing to work, who are trying to do their very best, but through adversity over which they have had no control, may be foreclosed out of the farming business.

Mr. Chairman, two representatives from the Department are here. Through a possible misunderstanding, I neglected to ask that the Department representatives appear formally and testify. The representatives are from the Bureau of Reclamation and from the Farmers' Home Administration.

They can make some informal comments which have not been cleared with the Bureau of the Budget, but they can give us the views of the Department if there is no objection.

Senator SCOTT. We will be glad to hear from you.

STATEMENT OF M. H. WILLIAMS, CHIEF, PRODUCTION AND SUBSISTENCE LOAN BRANCH, LOAN DIVISION, FARMERS' HOME ADMINISTRATION, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. WILLIAMS. I am M. H. Williams, Chief of the Production and Subsistence Loan Branch, Farmers' Home Administration.

Senator JACKSON. Before Mr. Williams proceeds, I might make a brief statement that I think would be helpful. As I indicated to the chairman, we had a meeting out in Richland, Wash., to be exact, on February 10. This meeting was attended by some 20 veterans and a representative of the Farmers' Home Administration, Mr. Joseph York, who happened to be in Seattle at the time and was good enough to come over to Richland.

He was the Chief of the Division now headed by Mr. Williams.

Mr. WILLIAMS. No. He was a member of our Real Estate Loan Branch staff.

Senator JACKSON. A rather tragic thing happened. Within a few hours after he had met with the farmers and myself, he dropped dead at the airport in Portland on his way to Washington. Mr. York was a very helpful——

Senator SCOTT. Washington, D. C.?

Senator JACKSON. No, sir; he dropped dead at the Portland, Oreg. airport. He was on this way back to Washington, D. C. He had been very helpful. He had all of the details of the problem out there. He had made a spot check on the ground.

I must say he was very sympathetic and, of course, very helpful.

The result is that, of course, Mr. Williams does not have the personal information. He hasn't had an opportunity of visiting the project and getting firsthand information. However, I believe Mr. Williams is familiar with the policy of his own agency, and he can testify on that basis.

They have submitted a report which the clerk informs me has not arrived here at the committee. It is in the process of being cleared through the Bureau of the Budget.

I wanted to make that preliminary statement, so the committee would understand Mr. Williams' position with reference to this matter.

Mr. WILLIAMS. Thank you, Senator Jackson.

We are familiar with the problems in the Columbia Basin area and the similar problems that other farmers and ranchers have across the country.

The Department is certainly in favor of the objectives set forth in this bill. We have favored, and a report has been filed recommending an amendment to the Bankhead-Jones Farm Tenant Act that would increase both the loan limits and the repayment periods contained in the act.

As Senator Jackson has indicated, the limits are slightly different, there being a difference of 10 and 12 years and $20,000 and $25,000.

Certainly conditions across the country in the field of agriculture have changed, as Senator Scott, you have indicated, which means that our credit facilities need to be brought more nearly in line with the changing times, and these proposed changes are only a few of some other recommendations that the Department has made for amending the Bankhead-Jones Farm Tenant Act.

Some of the other items which this committee probably has or will consider are authority to make loans to part-time farmers, and authority to make loans for refinancing purposes. I don't have a summary of the bills before me.

Senator JACKSON. Mr. Chairman, I think it will be helpful if Mr. Williams could file a statement.

Mr. WILLIAMS. I would prefer, if you folks would like to ask some questions with respect to the problem out there.

Senator JACKSON. I think it will be helpful if you could file a statement summarizing the view of the Department. If there is no objection to that, Mr. Williams would have an opportunity to give a summary of the amendments that the Department would like to see adopted to the Bankhead-Jones Farm Tenant Act.

Senator SCOTT. That would be fine.

Mr. WILLIAMS. If you have any specific questions——

Senator JACKSON. May I ask one, Mr. Chairman?

Senator SCOTT. Yes.

Senator JACKSON. I take it that the Department, Mr. Williams, is in accord with the general objectives of the bill that Senator Magnuson and myself have introduced?

Mr. WILLIAMS. Yes, sir.

Senator JACKSON. The Department's view is that the $7,000 minimum limitation should be raised to $10,000 instead of $12,000.

Mr. WILLIAMS. The proposal is, as I understand it, to utilize up to 10 percent of the annual appropriation for P. and S., Production and Subsistence operating loans, for loans in excess of this $10,000 limit, up to the $20,000 ceiling, which would give us substantial turnaround.

Senator JACKSON. But the only difference between the views of the Farmers' Home Administration and the views contained in this amendment is that we strike out $7,000 and insert $12,000. The Farmers' Home Administration's position is that it should be $10,000.

Mr. WILLIAMS. That is right. Under our present regulations an initial loan to any individual must be limited to $7,000. Then within a 120-day period we can make additional loans up to this $10,000 limit. The effect of the proposed change in the act would eliminate that first step, the $7,000 limit.

Senator JACKSON. Which is a rather unrealistic situation.

Mr. WILLIAMS. And it would simplify the administration of the lending activities.

Senator JACKSON. Yes. This would give you more flexibility.

Mr. WILLIAMS. Yes.

Senator JACKSON. It is a kind of a fiction to have to wait 120 days before you can make additional loan when you know what he is going to need anyway.

Mr. WILLIAMS. That is right.

Senator JACKSON. Then our bill would strike out $10,000 on the limit and insert $25,000 as an over-all limit, and the Farmers' Home Administration recommendation is $20,000.

Mr. WILLIAMS. That is correct.

Senator JACKSON. And on section 2, we strike out the 7-year repayment period and insert 12, and the position of the Farmers' Home Administration is 10.

Mr. WILLIAMS. The effect of the recommendation would be that borrowers who had been continuously indebted for 7 years, where their condition was something beyond their control, we could extend or renew their loans and advance them additional credit up to an additional 3-year period.

Senator JACKSON. It is a matter of detail.

Senator SCOTT. It is a matter of detail. Are you objecting to the 12 years?

Mr. WILLIAMS. Our experience, Senator Scott, has been that generally throughout the country the 10-year limit is adequate. This change in the proposal of the Department in its recommendation would permit making a loan to a man near the end of the ninth year, which would give us ample time to work with an individual. The average borrower who has been indebted to the Farmers' Home Administration for these operating type of loans pays them in full in about 4 years. That is the average.

There are many who need longer periods and many of them pay in full in shorter periods. In your part of the country they pay off sooner than the average 4-year period referred to.

Senator JACKSON. You have in the Columbia Basin, a unique development; that is, that in old established areas they can, of course, start paying right away, but we have a period there where they are not in a position to make a payment, and the result is that they start in debt and are delinquent, and the combination of the two results in a poor payment record, which is not good from a morale standpoint.

He needs a longer payout period.

Mr. WALTER. That is right. We need the longer payout period. What we need very vitally is these early years, the first 2 or 3 years, on your Production and Subsistence, your P. and S. loans, if we could get deferred payments on the principal, so long as we keep the interest current, it would go a long, long way toward solving our problem.

These are recurring costs, we recognize that. But a man out on new land, to get his equipment and to get going and then to pay off his P. and S. loan out of that first crop, that was the thing that might break his back. If he could go more than 1 year on this P. and S. loan, the production and subsistence loan, providing he keeps his interest up—and he can do that—but to pay it off in its entirety, it is just practically impossible.

I believe—and I believe it is the thinking of those people out there, and I am sure it is—if we could go for 2 or 3 years under P. and S. loans with deferred payments, with the interest kept current, that would be helpful. You do give that on your FO loans, 2-year deferments.

Mr. WILLIAMS. Yes.

Mr. WALTER. If you could do the same thing with the P. and S. loans, in that first 2 years, that man is made. Paying it off in the first year often breaks his back. We would like to see the FHA give the young people a chance to pay it off in the early development years.

Senator JACKSON. One of the things that came out of this meeting in Richland on February 10 was a recommendation for a 3-year moratorium—the first 3 years—on the payment on principal. In other words, this first 3 years, they just do not have the income with which to make the payments, and it is a unique situation that applies in this area.

I wondered, Mr. Williams, what the view of the Department were on that. I meant to raise that earlier.

Mr. WILLIAMS. There is authority under the present statute to defer payments until the end of the second full crop year.

Senator JACKSON. Not for 3 years?

Mr. WILLIAMS. Two years. That permits deferment of both principal and interest, and that authority has been exercised.

Senator JACKSON. You mean in the Columbia Basin?

Mr. WILLIAMS. Yes. We have been administratively following a policy where moneys are advanced to produce a specific crop to schedule those annual recurring expenses for payment at the end of the first crop year, et cetera, to keep from pyramiding that debt. We have deferred payments for investments in machinery, livestock, and other capital items.

Senator JACKSON. Then they would still have to pay off the principal within 4 or 5 years, within the 7-year period?

Mr. WILLIAMS. Yes. That is where the ceiling is.

Senator JACKSON. That is where the rub comes in.

Mr. WILLIAMS. Yes, that is a problem.

Senator JACKSON. These people, Mr. Chairman, are anxious to pay their debts. I do think we have been operating on a fiction. It has been assumed that they are going to start paying the first year or two when, in fact, it is an impossibility. They are leveling the land, they are getting the land prepared for new crops. They are trying out new lands with new crops without any experience. The whole purpose of these amendments, of course, is to try to work out a realistic credit program that these people can meet, and if a good farmer can meet those conditions, then those who cannot comply, of course, have no business being in, and have no reason to complain.

I do believe we are operating at the present time on an unrealistic basis. It is not the fault of your people, Mr. Williams. It is a new situation that has developed.

Has the Farmers' Home Administration given any thought on this recommendation of the farmers in the area to extend the moratorium period from 2 to 3 years?

Mr. WILLIAMS. Not to my knowledge.

78487—56——2

Senator JACKSON. It would be helpful if we could have their comments on it. If you extend this period, you will solve the problem anyhow. But you will still need authority to extend it beyond the 2-year period.

Mr. WILLIAMS. Yes. There is statutory authority to defer payment for 2 years to the end of the second full crop year.

Senator JACKSON. It may require an amendment to the bill here, S. 3374, to include that additional authority on a discretionary basis.

Senator SCOTT. Thank you very much.

If you will give us that information for the committee, it will be helpful.

Senator JACKSON. The other gentleman is Mr. Don Mitchell, with the Bureau of Reclamation. While the Bureau does not have any part, Mr. Chairman, in the extension of credit, the Bureau of Reclamation, of course, has a vital stake in this program inasmuch as the Columbia Basin project is under the Bureau and they work very closely with the Farmers' Home Administration in trying to develop the new farms, and maybe Mr. Mitchell would like to make some comments on this.

Senator SCOTT. We would like to hear from you, Mr. Mitchell.

STATEMENT OF DONALD S. MITCHELL, CHIEF, LAND AND WATER BRANCH, IRRIGATION DIVISION, BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

Mr. MITCHELL. My name is Donald S. Mitchell, Chief of the Land and Water Branch, Irrigation Division, Bureau of Reclamation.

As Senator Jackson pointed out, the Department of the Interior was not requested for a report on this particular bill, and the comments I make here today are not necessarily those of the Department.

But the Bureau of Reclamation is vitally interested in this credit problem on the Columbia Basin project, not only on the Columbia Basin, but on all of our reclamation projects. However, I think the credit problem is more serious in the Columbia Basin than in most of our other projects primarily due to the vast size of the undertaking.

We are in general agreement with the provisions set forth in the bill, and we think it would go a long way in taking care of some of the problems there.

In addition, we think that more funds are needed for the project. We certainly believe that the FHA has done an excellent job within their authority and the funds available, and the personnel that they have had available on the project, but I might point out that as of January 1, 1956, the FHA had only 346 active loan cases on the Columbia Basin project, and that amounted to only about 11 percent of the farms that were eligible to receive water.

So they have a relatively small percentage of the farms in the basin that are borrowing from the FHA.

I think if additional funds could also be made available to FHA, it would go a long way in answering the problem.

I would like to make this one additional point that Mr. Walter brought up. I think it is well recognized by all agricultural people that it is necessary to level land for irrigation and any time you go in and disturb the topsoil, which you must necessarily do to level it, and put it in shape for irrigation, it takes 2 to 3 to 4 or even to 5

years sometimes to bring that land back to its maximum production capabilities. This is a very important point in this question of a moratorium in the early years of these loans.

The soil in general is good in the Columbia Basin, but, as I say, whenever you disturb that topsoil, you have to more or less start over to build up the fertility, and that takes time.

I have no further remarks.

Mr. WALTER. There is one thing. The Government definitely has an obligation to take care of those people who are now in trouble, particularly in the South District. It was the Bureau of Reclamation that sold them the land and required them to have assets of only $4,500 to qualify. They have pulled up stakes wherever they were located.

They were not promised by the FHA that they would get loans, but they were encouraged that they would be able to get FHA loans. They left their jobs and came out there and bought their piece of land, and we had no selection in picking these settlers.

The irrigation district or the commission had no choice in that. It was strictly done by the Government. Their $4,500 is not adequate. They do not have the repayment capacity in the eyes of the FHA at present, but they are there and have expended this $4,500, and they are unable to get their land developed.

They have pulled up stakes elsewhere. They are out there practically stranded through governmental activity, through the FHA and the Bureau of Reclamation. They didn't promise them anything, but they made pretty glowing reports of the possibilities that they would be able to get loans. They do owe them an obligaiton. They owe them an obligation to take care of those people who want nothing more than a chance.

The $4,500 was inadequate.

Mr. ZAHN. You might add that each one is a young veteran under the veterans' preference clause in the basin.

Senator SCOTT. Are there any further questions?

Senator JACKSON. Mr. Chairman, I had one additional letter that I wanted to put in the record following my remarks. Through an oversight I left it out. It is from Mr. Harold J. Eidemiller who is Secretary of the South Columbia Basin District. The letter summarizes the meeting that was held on February 10 with Mr. York and myself and states the problem, I think, very, very well. I merely want to express my personal apreciation for arranging this meeting this morning.

I know we are all busy and it was on rather short notice. Senator Magnuson and myself are indebted to you for taking time out and arranging this meeting while these people were in the city from the State of Washington.

(The letter referred to follows:)

SOUTH COLUMBIA BASIN IRRIGATION DISTRICT,
Pasco, Wash., February 20, 1956.

Senator HENRY M. JACKSON,
Senate Office Building, Washington, D. C.

DEAR SENATOR JACKSON: Last Friday, February 10, some 20 veterans, owners of farm units in the Columbia Basin project met with Joseph E. York from the Washington office, Farmers' Home Administration, in an attempt to obtain relief from the present financial difficulties they are having with the FHA determina-

tions as administered by the Pasco office. This delegation was a very small proportion of those having a grievance since an effort was made to keep the attendance as small as possible.

Mr. York was very sympathetic and explained what FHA could not do according to law and promised to take the various complaints back to the Washington office. Unfortunately he suffered a fatal heart attack the next morning and we are sure that time did not permit any action that would carry on his intentions and it is our purpose now to furnish a résumé of the situation.

A primary cause of the trouble is the requirement that repayments under the production and subsistence loans be made the first year of operation. This has resulted in attempts to raise an annual crop such as beans, corn, or wheat on soil that in its virgin condition is totally unfit for such purpose. Were it possible, and we think it is, to make these loans with no repayment the first year, payment of interest only the second year, and then a graduated repayment schedule beginning at the end of the third year.

This would permit the borrower to devote his entire attention to the establishment of a stand of legumes and grasses on his farm without which no measure of success will ever be attained on the type of soil involved. Had such a program been followed, then this being the third year, some of the legumes or grasses could be plowed under and a cash crop planted with assurance of a profitable yield. As it is 2 years have been lost and we are right back at the beginning with the soil in even poorer shape than in the beginning.

When this viewpoint is presented to FHA personnel we are met with a lot of words giving lip service to the idea of a legume and grass program but with no encouragement as to deferring repayments. This is equivalent to lifting oneself by one's bootstraps for in order to strive for the repayment it is necessary to devote a great part of the total acreage to an annual crop which due to the difficulty in furnishing moisture by reason of heat and wind and the care that must be taken to prevent erosion takes all of the farmer's time and he is therefore unable to establish a permanent seeding on the remaining acreage. We believe this deferral of repayment can be accomplished by departmental action under the present act.

The Farm Home Administration Act was enacted on the assumption that it would be used to rehabilitate existing farms where buildings and other facilities were already in existence and it was not foreseen that it would be used in situations such as ours, wherein we must have living quarters for our families and our livestock and must have time to tame and enrich the soil itself.

The limit on the production and subsistence loan is now $10,000 and cannot extend beyond 7 years. At the time this limit was set this was probably ample but with the greatly increased prices the farmer must now pay he cannot stretch the money thin enough to cover his needs. Not less than $30,000 total assets are required to furnish the barest essentials for a new farm operation and the borrower will still need to trade the use of machinery with his neighbor and will have barely adequate housing for his family. We believe that this operating loan limit should be raised to not less than $15,000 and a borrower allowed to use FHA funds for 10 years. This can only be accomplished by a change in the act.

Much complaint is heard of the requirement that too great a part of the farm ownership loan be expended in the building of a residence. Settlers not financing through FHA are content with the barest minimum in living quarters until such time that the farm will pay its way and FHA borrowers would like the same privilege. Approximately $7,000 is now used for this purpose and interest charges alone will amount to about $400 annually. In addition this amount will not build the house that is wanted and the family would far rather live in a basement until such time as they were able to build what they wanted. This part can be changed by departmental ruling and should be, so that the development of the farm will not be handicapped for lack of capital. We do not want to see a debt built up against a place that will be impossible to pay but wish to keep the total loan as low as possible with a more realistic program of how the money is used so that maximum results will be had in making the farm pay its way.

We think that FHA borrowers are not getting the best practical advice from the supervising personnel. It is not possible for someone to outline a program for a borrower to follow when the adviser is without practical experience himself. Good judgment is also a prime requisite for one in this position. We know of a situation where the borrower had a crop of beans to harvest and had found a combine harvester for sale for $1,100 with a guaranty that it would be in new condition; he was to pay $500 after harvest and the balance after harvest the succeeding year. FHA refused to permit the purchase and the borrower was

forced to depend on hiring his beans harvested and to wait until the hired combine could reach his place. As a consequence the beans were rained upon several times and only a small portion of his crop was salvaged. Then FHA approved the payment of $579 to the custom operator.

The county advisory committee for Franklin County consists of one owner-operator of a farm on the project, one dryland wheat farmer, and the third lives in Pasco and owns a small acreage devoted to grapes just adjacent to town; this committeeman was formerly an FHA supervisor. We submit that all three should be owner-operators of farm units on the project since 100 percent of the loans are made there.

Veterans from all over the United States were encouraged to seek lands in the Columbia Basin project and the project was set up to give them preference in obtaining land and the means of establishing themselves in a profitable occupation but somewhere along the line there has been a failure in carrying through to see that he has had an ample opportunity to work out has own salvation and if immediate help is not forthcoming many of these young familites will have to give up and sacrifice the savings they brought with them together with 2 or 3 years of work and hardship and, disillusioned and bitter, start all over again. There are many that came here to select their farms and before returning home to sell out and close up their affairs, conferred with FHA about finances and were told that "in all likelihood" FHA would go along with them. Imagine their disappointment and bewilderment when arriving here to stay being told that for various reasons FHA could not make them a loan. Now they are here, have quit their jobs, sold their homes, and are using their savings for living expense with nowhere to go for help in financing the start of a farming operation.

Certain farm units can only be successfully operated with the use of sprinkler irrigation and other units will require this method on a major part of the acreage. Present policy of FHA prohibits loans for sprinkler systems unless the prospective borrower has enough money of his own so that he wouldn't need to borrow anyway. Policy should be revised to permit loans for sprinkler systems when such method is indicated by competent advice available to the settler and, further, FHA should not be allowed to completely veto the determinations of other Federal agencies in setting up criteria for loans. The Bureau of Reclamation, Soil Conservation Service, Extension Service, and others have made exhaustive studies of the proper methods to be used in developing basin lands and their recommendations should not be totally disregarded.

In closing, we strongly urge that action be taken at the earliest possible date to correct these injustices and that means be found to enable these veterans to help themselves to success and that any effort made does not end in a flood of words. We have just heard of one boy who has given up the struggle for financing and walked away.

Sincerely yours,

HAROLD J. EIDEMILLER, *Secretary.*

Senator SCOTT. I am glad to do it.

Does anybody else care to say anything?

We will be glad to hear from you.

Senator JACKSON. The main thing we need now are the reports from the Department just as soon as possible, so the committee can act on it. We do face a crisis. Our people are in bad shape out there, and I think that that view is sustained by your agency, Mr. Williams; isn't that correct?

Mr. WILLIAMS. That is correct.

Senator JACKSON. Thank you very much.

(Whereupon, at 11 a. m., Tuesday, May 9, 1956, the subcommittee adjourned.)

FARMERS' HOME ADMINISTRATION OPERATING AND HOUSING LOANS

THURSDAY, MAY 17, 1956

UNITED STATES SENATE,
SUBCOMMITTEE ON AGRICULTURAL CREDIT AND
RURAL ELECTRIFICATION OF THE
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D. C.

The subcommittee met, pursuant to notice, at 10:05 a. m., in room 324, Senate Office Building, Senator Spessard Holland (chairman of the subcommittee) presiding.

Present: Senators Holland and Humphrey.

Also present: Senators Allott, Thye, and Neuberger.

Senator HOLLAND. The meeting will come to order.

This hearing was called on several pending measures. I ask that there be placed in the record at this time a copy of each of these measures and the Reports of the Department of Agriculture thereon where available.

(S. 1199, S. 2961, S. 3034, S. 3035, S. 3247, S. 3293, S. 3184, S. 3185, S. 3374, S. 3429, S. 3559, S. 3790, S. 3850 and reports thereon are as follows:)

[S. 1199, 84th Cong., 1st sess.]

A BILL To strengthen the Nation by preserving the family-size farm, providing additional credit for farm enlargement and development, improving the income-earning capacity and standard of living of low-income rural people, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this bill shall be known as the "Family Farm Development Act".

FINDINGS AND POLICY

SEC. 2. The low incomes, poor living standards, and insufficient economic opportunity for efficient employment of their full capacity of a large part of the rural population denies the Nation the benefit of greater productivity in agriculture and in local rural manufacturing and service industries, slows down national economic growth and reduces standards of living. The Congress recognizes that rural poverty and low rural productivity can and must be remedied in order to bring the Nation up to maximum strength and that through this example of strengthening democracy at home by providing additional opportunities to low-income rural groups, democracy in other parts of the world also will be strengthened. It is the policy of the Congress to provide for practical assistance to low-income rural families who desire to increase their productivity and incomes and thereby to benefit the Nation's economy and raise their own standards of living.

DETERMINATION OF LOW-INCOME COUNTIES

SEC. 3. The President is authorized to determine from time to time from the latest official statistics available to him the counties or areas of the United States, not exceeding five hundred in number at any one time, having the largest low-income farm population and to inaugurate and maintain in such counties a program to effectuate the purposes and policy of this Act.

ELIGIBILITY

SEC. 4. The President through existing agencies of the Government will render special assistance to low-income families or single persons living in rural areas who apply for such assistance: *Provided*, That the applicant is recommended by the county farmer committee established under section 8 (b) of the Soil Conservation and Domestic Allotment Act: *And provided further*, That the county farmer committee finds that the applicant, with the assistance provided for herein, will develop a farm and home management or family employment plan for increasing his productivity and income that has a reasonable chance to succeed.

In exploring the most feasible and practicable methods for increasing his productivity and income the applicant, with the assistance of the county farmer committee, will determine whether the cause of low income is due to physical handicaps of the family; the lack of available credit to make needed shifts in farming methods and employment of labor resources of the family; the practice of inefficient farming methods, or practices; lack of practicable diversification in the farming operation; lack of sufficient land; lack of outside employment opportunities to fully utilize the labor of the family in ways that enable it to earn an adequate return at least equal to the established national minimum wage. To assist in the analysis of the needs and in developing the plans with families, the Secretary of Agriculture shall make available to the families and the farmer committee the services of the local and State offices of the agencies of the Department to provide the advice of technicians in such fields as soil conservation, and supervised agricultural credit for agricultural production and for farm enlargement and development. The advice and assistance of other Federal agencies shall be made available and the cooperation of State and local agencies, including the State agricultural extension services and the State employment services, and of private individuals and organizations also shall be solicited.

DEVELOPING ECONOMICALLY ADEQUATE FULL- AND PART-TIME FARMERS

SEC. 5. In case of eligible applicants who wish to remain on the farm now occupied or to become established on another farm in the area, either on a full-time farming basis or in conjunction with off-farm employment of one or more members of the family, the Secretary of Agriculture is authorized and directed to provide the following services through the county farmer committees:

(a) Employ such full-time employees as may be required to carry out the purposes of this Act.

(b) Make a complete analysis of the farm and farm operations and supplemental employment opportunities to determine the most promising ways by which family income and productivity in combination with whatever off-farm employment may be planned can be raised to an adequate level. After completion of such a farm and home plan, the Secretary through the county farmer committee will render every assistance possible to the applicant and his family in putting the new program into effect, including technical assistance on improved farm and home practices, and assistance in obtaining credit needed from private, cooperative, or governmental sources to put these practices into effect.

(c) To effectuate the purpose of this Act the Secretary of Agriculture is authorized, upon such conditions as he shall prescribe, to insure and make loans of up to twenty-five years at not more than 4 per centum interest for the purpose of financing the enlargement and development of owner-operated family-type farms by acquisition of additional land, establishment of improved pastures and sustained yield woodlots, construction of adequate farm buildings and structures (including drainage facilities, irrigation facilities, and other facilities for the use, conservation, and improvement of soil and water), and such other related farm improvements as will increase the income-producing ability of the farm unit to a more nearly fully adequate family farm.

To make or to insure three- to ten-year loans at not more than 4 per centum interest advanced by production credit associations and by private lenders for non-real-estate capital investment purposes; to make loans up to fifty years at not more than 3 per centum interest to eligible applicants to acquire and manage on a sustained-yield basis additional forest or cut-over land; to make loans for periods up to ten years at not more than 4 per centum interest to enable an eligible applicant to acquire needed logging equipment; to make loans of not more than five years at not more than 4 per centum interest to eligible applicants

to purchase capital stock of and pay membership fees to existing or new supply, service or marketing cooperatives including timber marketing and processing cooperatives; and to make loans to refinance existing indebtedness incurred for any of the above purposes on terms and conditions applicable to loans for such purposes: *Provided*, That creditors will enter into voluntary agreements to make needed adjustments of outstanding indebtedness to realistic income possibilities of the collateral for the existing mortgage or mortgages: *Provided further*, That the Secretary of Agriculture shall establish a variable repayment schedule for all of the foregoing types of loans such that the repayment of interest and principal in any single year shall bear a reasonable relationship to the income of the participating family in that year.

PART- AND FULL-TIME OFF-FARM EMPLOYMENT

SEC. 6. Whenever the family determines to seek part-time or full-time farm or nonfarm employment off the farm, the problem shall be presented to the nearest farm labor placement center of the State employment service cooperating with the Department of Labor. Information concerning farm labor opportunities also shall be made available to the family by the State and county farmer committees.

VOCATIONAL EDUCATION

SEC. 7. The Secretary of Health, Education, and Welfare is authorized to provide a program of adult vocational training in the designated counties both in farm and home management and in such other farm and nonfarm activities as the family plans of eligible applicants indicate as needed to maximize family income and productivity of family labor within the area.

INDUSTRIAL DISPERSION

SEC. 8. To provide for the national defense, to promote interstate commerce, and to improve the general welfare by assisting in the sound economic growth and development of the country, it is the policy of the Congress to encourage and stimulate the establishment of new or expanded private industrial, commercial, or service enterprises in widely dispersed rural areas as required to reduce vulnerability to modern war risks and in which, over an extended period of time, because of the number of underemployed rural persons with excessively low incomes, the number of existing industrial, commercial, or service enterprises, and the available markets and resources there are reasonable prospects for successful operation of additional private enterprises which would more fully utilize available man-power in rural areas. To effectuate this policy of industry dispersal, the departments and establishments in the executive branch of the Government shall be utilized and coordinated to—

(a) provide technical aid and assistance to, and consult and cooperate with, farmers, businessmen, workers, cooperatives, civic organizations, clubs, and committees, community study and planning groups, and local and State governmental agencies;

(b) prepare and distribute technical, defense, and economic information on opportunities in and necessities of private enterprise in various industries and areas in order to aid individuals, business firms, civic organizations, and local units of government in developing new or expanded industries best suited to local conditions; and the requirement of civil defense;

(c) assist new or expanding industries in finding adequate private financing through local capital or otherwise and where such financing is found to be unavailable, extend Government loans or guaranties under existing authority; and

(d) use all appropriate means and authority to encourage and stimulate the maximum expansion in private employment and private enterprises consistent with the needs for national defense, with a sound, growing national economy, and with the necessities of civilian defense.

APPROPRIATIONS

SEC. 9. There is hereby authorized to be appropriated such sums as may be necessary for carrying out the provisions of this Act.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 6, 1955.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of February 24 for a report on S. 1199, a bill to strengthen the Nation by preserving the family-size farm, providing additional credit for farm enlargement and development, improving the income-earning capacity and standards of living of low-income people, and for other purposes. Under the provisions of this bill, special assistance will be rendered to low-income farm families in designated counties who apply for assistance and who are recommended by specified county farmer committees.

The Department is in accord with the general purposes of this bill. We have, however, some reservations concerning the wisdom of the administrative and some of the substantive provisions of the bill.

It is believed that efficient and effective administration of a program is best served by leaving to the executive department assigned the responsibility considerable freedom to determine which of its agencies and committees would be most effective and appropriate to use in carrying out this responsibility. Some provisions of S. 1199 appear to violate this principle of effective administration.

With respect to the proposed credit program, authority for the major part of this program is contained in existing legislation. Credit activities which are desired, but not now permitted, could probably be best provided by amendment of existing authorizations. It would appear, moreover, that the availability of credit and of suitable repayment terms are of more fundamental significance than is the rate of interest. The credit aspects of a low-income farm program should, therefore, be primarily concerned with creating and maintaining an environment which assures credit availability on suitable terms, rather than with provisions to establish relatively low interest maxima.

The criteria of eligibility for the non-real-estate loans referred to in section 5c should be clarified. It is not clear from the provisions of the bill whether owner-operator status is intended as a necessary condition of eligibility. Often tenants' income-earning capacity may be increased most efficiently by the use of borrowed capital for non-real-estate purposes.

The solution of low-income farm problems, as indicated in the bill, does lie in part outside the responsibilities of the Department of Agriculture. It would appear, however, that the provisions contained in the bill which relate to employment services and education are too limited to meet the needs of low-income rural people.

In cooperation with other executive agencies, the Department of Agriculture has for over a year been working to develop a comprehensive program for solution of low-income farm problems. This report has been completed, and recommendations transmitted to the Congress. It would seem desirable that these recommendations be considered before broad legislation pertaining to low-income farm problems is enacted.

For the foregoing reasons this Department would recommend that the bill not be passed.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

[S. 2961, 84th Cong., 2d sess.]

A BILL To amend the Bankhead-Jones Farm Tenant Act to further authorize the insurance of farm housing loans

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title I of the Bankhead-Jones Farm Tenant Act, as amended, is amended by adding at the end thereof a new section as follows:

"INSURANCE OF FARM HOUSING LOANS

"SEC. 17. (a) In addition to any other authority vested in him by this title to insure farm loans, and not withstanding any other provisions of this title concerning eligibility of applicants or farms or appraisals of farms, the Secre-

tary is authorized to insure and make commitments to insure loans to owners of farms (the operators of which engage primarily in farming or historically resided on a farm), who are citizens of the United States and who cannot secure the necessary credit from private, cooperative or other responsible credit sources, for the purposes of construction, improvement, alteration, repair or replacement of farm dwellings and other farm buildings necessary for the successful operation of their farms, and to take as security for the obligations entered into in connection with such loans first, second or other mortgages on the farms with respect to which such loans are made and such other security as may be required by the Secretary. Any such mortgage shall create a lien running to the United States for the benefit of the insurance fund, notwithstanding the facts that the note may be held by the lender or his assignee.

"(b) Any loan insured under this section shall bear interest at a rate not exceeding 4 per centum per annum and shall be on such other terms and conditions as the Secretary may prescribe. Such terms may include an agreement by the Secretary to repurchase any such loan whether or not in default upon such terms and conditions as the Secretary shall prescribe. The Secretary shall require the borrower to pay an insurance charge at a rate equal to at least 1 per centum per annum of the principal outstanding on the loan on any due date of the charge. One-half of all insurance charges shall become a part of the fund and one-half shall be deposited in the Treasury of the United States and shall be available for administrative expenses in connection with the insurance of loans.

"(c) The Secretary shall utilize the insurance fund created by section 11 of this title and the provisions of section 13 (b) and (c) of this title in connection with loans insured under this section. The notes and security acquired by the Secretary under insurance agreements shall become a part of the fund. The notes may be held in the fund and collected according to their terms or may be sold and, if necessary, reinsured. All proceeds from such collections, including the liquidation of security and the sale of notes, shall become a part of the fund.

"(d) The Secretary may utilize the fund for the payment of taxes, insurance, prior liens, foreclosure expenses and any other costs or expenses necessary for the operation, preservation, or protection of the mortgaged property, either before or after such property is acquired by the United States.

"(e) Any loan insured under this section shall be fully guaranteed by the United States as to principal and interest and the insurance agreement shall be incontestable, except for fraud or misrepresentation of which the holder has actual knowledge.

"(f) The aggregate amount of principal obligations on loans insured under this section shall not exceed $50,000,000 in any one fiscal year, and may be distributed among the several States and Territories in accordance with determinations made by the Secretary.

"(g) Loans insured under this section shall be subject to all of the provisions of this title, except insofar as such provisions may be inconsistent with, or except as otherwise provided in, this section."

DEPARTMENT OF AGRICULTURE,
Washington, D. C., April 18, 1956.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of January 19 for report on S. 2961, a bill to amend the Bankhead-Jones Farm Tenant Act to further authorize the insurance of farm housing loans. These loans, which would be made under a new section of the act, would be authorized to owners of farms (the operators of which engage primarily in farming or historically resided on a farm) for purposes of construction, improvement, alteration, repair, or replacement of farm dwellings and other farm buildings necessay for the successful operation of their farms. Security for such loans would be first, second, or other mortgages on farms. The other terms and conditions of loans under S. 2961 would be similar to those applicable to loans now made under title I of the Bankhead-Jones Farm Tenant Act, as amended.

This Department is in agreement with the objectives of S. 2961 but considers it administratively desirable to meet the farm housing credit needs of farmers

under the amendments to title I of the Bankhead-Jones Farm Tenant Act which are embodied in S. 3429.

The amendments proposed in S. 3429 would provide direct and insured loan authority for farm housing loans on the same terms on which loans are authorized under title I of the Bankhead-Jones Farm Tenant Act. Loans would be authorized to owners of family-sized farms and to owners of units that are less than family-sized for purposes of construction, improvement, alteration, repair, or replacement of farm dwellings and farm service buildings. This Department is of the opinion that S. 3429 would be simpler to administer than S. 2961 because the former bill would make farm housing loans an integral part of title I, whereas S. 2961 would authorize only insured farm housing loans under a separate section of the act.

The Bureau of the Budget advises that it has no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

[S. 3034, 84th Cong., 2d sess.]

A BILL To amend the Bankhead-Jones Farm Tenant Act to adjust the loan limitations of title II so as to provide more effective assistance to production and subsistence loan borrowers

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsections (c) and (d) of section 21 of the Bankhead-Jones Farm Tenant Act, as amended, are further amended to read as follows:

"(c) The term of any loan under this section, including any renewal or extension thereof, shall not exceed ten years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for ten consecutive years shall be eligible for loans hereunder until he has paid such indebtedness in full, except that the indebtedness on loans made prior to November 1, 1946, which are being serviced and collected by the Farmers' Home Administration, shall not be subject to the limitations of this section until November 1, 1953."

[S. 3185, 84th Cong., 2d sess.]

A BILL To amend the Bankhead-Jones Farm Tenant Act so as to adjust the loan limitations of title II so as to provide more effective assistance to production and subsistence loan borrowers

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsections (c) and (d) of section 21 of the Bankhead-Jones Farm Tenant Act, as amended, are further amended to read as follows:

"(c) The term of any loan under this section, including any renewal or extension thereof, shall not exceed eleven years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for eleven consecutive years shall be eligible for loans hereunder until he has paid such indebtedness in full, except that the indebtedness on loans made prior to November 1, 1946, which are being serviced and collected by the Farmers Home Administration, shall not be subject to the limitations of this section until November 1, 1953."

[S. 3374, 84th Cong., 2d sess.]

A BILL To amend title II of the Bankhead-Jones Farm Tenant Act so as to increase existing limitations on terms and amounts of production and subsistence loans under such title

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (b) of section 21 of title II of the Bankhead-Jones Farm Tenant Act, as amended, is amended (1) by striking out "$7,000" and inserting in lieu thereof "$12,000", and (2) by striking out "$10,000" and inserting in lieu thereof "$25,000".

SEC. 2. Subsections (c) and (d) of such section are amended by striking out "seven" and inserting in lieu thereof "twelve".

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 9, 1956.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in response to your requests of January 25, February 13, and March 8, 1956, for a report from this Department concerning S. 3034, S. 3185, and S. 3374.

S. 3034 would amend subsections (c) and (d) of section 21 of the Bankhead-Jones Farm Tenant Act, as amended, to increase the period over which production and subsistence loans may be scheduled for repayment from 7 to 10 years and the period of time during which such loans may be made to an indebted borrower from 7 to 10 years.

S. 3185 would amend section 21 of the Bankhead-Jones Farm Tenant Act, as amended, by providing 11-year limitations in subsections (c) and (d).

S. 3374 would amend subsection (b) of section 21 by increasing the amount for which an initial loan could be made from $7,000 to $12,000 and by increasing the total amount for which a borrower may be indebted on production and subsistence loans from $10,000 to $25,000. This bill also would amend section 21 of the Bankhead-Jones Farm Tenant Act, as amended, by providing 12-year limitations in subsections (c) and (d).

We do not recommend enactment of the bills.

With reference to S. 3034 and S. 3185, the Department does not believe general authority is needed to extend the initial repayment period for this type of loan assistance beyond 7 years. In our opinion, Farmers' Home Administration loan experience does not indicate a need for general authority for extending repayment periods over more than 7 years in the first instance.

With reference to S. 3374, the Department does not believe there is need for general authority to increase the total amount for which a borrower may be indebted for this type of loan assistance. In most areas of the country the needs of applicants can be adequately met within a $10,000 loan limit. Moreover, this bill provides for retaining both an initial loan limit and a total debt limit, and the Farmers' Home Administration's leading experience indicates that the two limits unnecessarily complicate loan-making operations.

S. 3429, upon which the Department has recommended favorable action, would, if enacted, further amend subsections (b), (c), and (d) of section 21 of the Bankhead-Jones Farm Tenant Act as follows:

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No loan may be made to any one borrower under this section which would cause the total principal amount outstanding to exceed $10,000: *Provided, however,* That an amount not to exceed 10 percentum of the sum made available by annual appropriation for loans under this title may be used for making loans to borrowers which would cause such indebtedness to exceed $10,000 but in no event may any loan be made which would cause such indebtedness to exceed $20,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) thereof, shall not exceed seven years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: *Provided, however,* That in justifiable cases where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within seven years is due to causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed ten years from the date the original loan was made, and during such extended term may make additional loans to such persons, if necessary."

The authority to increase both the term and continuous indebtedness periods from 7 to 10 years in justifiable cases as proposed in S. 3429 is needed because prolonged drought, other adverse weather conditions and the present agricultural price-cost relationship have retarded the progress of borrowers in graduating to other sources of credit. This amendment, if enacted, would permit the Farmers' Home Administration to extend or renew the present indebtedness of borrowers when justified to enable orderly repayment and also would enable that agency to continue its loan assistance to persons whose loans had been extended or renewed. The authority to use not to exceed 10 per cent

of the sum made available by annual appropriation for loans to borrowers which would cause such total indebtedness to exceed $10,000 but in no event exceed $20,000 is needed to make it possible for the Farmers' Home Administration to serve more adequately the credit needs of family-type farm operators in areas in the country requiring higher investments in working capital.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

[S. 3035, 84th Cong., 2d sess.]

A BILL To amend the Bankhead-Jones Farm Tenant Act and to authorize the Secretary of Agriculture to make or insure loans to farmers and stockmen for the purpose of refinancing existing debts, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bankhead-Jones Farm Tenant Act, as amended, is further amended by adding the following new title V:

"TITLE V—DIRECT AND INSURED REFINANCING LOANS

"SEC. 60. (a) The Secretary is authorized to make or insure loans to eligible farmers and stockmen for the purposes of refinancing, consolidating, renewing, or extending all or part of the existing debts of the applicant, whether unsecured or secured by real or personal property, and for farm operating and subsistence expenses in connection therewith.

"(b) Such loans shall be made, or insured if made by a private credit source, to established farmers and stockmen who operate farms not larger than family-type farms in the area and who are unable to repay their existing indebtedness in accordance with present repayment schedules, are unable to secure refinancing of such indebtedness through private or cooperative sources on terms and conditions which they could reasonably be expected to meet and with respect to whom the county committee certifies and the Secretary finds there is a reasonable expectation that, with the assistance provided hereunder and the other resources available to him, the applicant will be able to repay the loan and continue his farming operations.

"(c) (1) With respect to such loans the representation certification and finding required by section 44 (a) (3) shall be that credit sufficient in amount and on reasonable terms which the applicant can meet is not available to him in or near the community in which he resides from commercial banks, cooperative lending agencies, or from any other responsible source.

"(2) The Secretary shall require such loans to be repaid as provided in section 44 (c) whenever it appears that the borrower is able to obtain a loan from a production credit association, Federal land bank, or other responsible cooperative or private credit source at rates and terms which he can reasonably be expected to meet.

"SEC. 61. (a) In providing for the making or insuring of loans under the title, the Secretary—

"(1) is authorized to insure and make commitments to insure such loans on such terms and conditions as he may prescribe;

"(2) is authorized to include in such insurance contracts agreements for servicing such loans and for purchasing such loans, whether or not in default, on such terms and conditions as he may prescribe;

"(3) is authorized to prescribe the terms and conditions, including the interest rate or rates, for such loans: *Provided, however,* That (i) the total principal indebtedness of any applicant at any one time shall not exceed the fair and reasonable value, based on earning capacity or normal market value, of the applicant's farm and the fair and reasonable market value of his chattels which have security value, less the outstanding balance of any liens not refinanced hereunder; and that (ii) such loans secured only by chattel liens shall be repayable within the normal useful life of the chattels or at the normal marketing time therefor, and loans secured by real estate mortgages shall be repayable in not to exceed forty years.

"(b) The Secretary shall utilize the insurance fund created by section 11 of

the Bankhead-Jones Farm Tenant Act, as amended, and the provisions of section 13 (b) and (c) of said Act in connection with loans insured under this title. The notes and security therefor acquired by the Secretary pursuant to insurance or repurchase agreements under this section shall become a part of the fund. Such notes may be held in the fund and collected according to their terms, or may be sold and, if necessary, reinsured. All proceeds from such collections, including the liquidation of security, and sales of notes shall become a part of the fund.

"(c) The Secretary shall require the borrower to pay such insurance charges as he deems proper, taking into account the amount of the loan and prior liens: *Provided, however*, That the charge shall be payable in advance at intervals of one year or less and shall be at a rate equal to at least 1 per centum per annum of the principal outstanding on the loan on the due date of the charge. One-half of all insurance charges shall become a part of the fund and one-half shall be deposited in the Treasury of the United States and shall be available for administrative expenses in connection with the insurance of loans.

"(d) The Secretary may utilize the fund for the payment of taxes, special assessments, water rates, insurance, prior liens, foreclosure expenses, and any other expenses incident to the actions authorized under section 51 of this Act. Such expenditures, where necessary, may be made to protect insured loans while the loans are still held by insured lenders as well as after they have been assigned to the Secretary.

"(e) Any loan insured under this section shall be an obligation guaranteed by the United States as to principal and interest and the insurance agreement shall be incontestable, except for fraud or misrepresentation of which the holder has actual knowledge.

"(f) The aggregrate amount of principal obligations on loans insured under this section shall not exceed $50,000,000 in any one fiscal year.

"SEC. 62. There is auhorized to be appropriated to the Secretary such sums as the Congress may from time to time determine to be necessary to carry out the provisions of this title."

[S. 3184, 84th Cong., 2d sess.]

A BILL To amend the Bankhead-Jones Farm Tenant Act so as to authorize the Secretary of Agriculture to make or insure loans to farmers and stockmen for the purpose of refinancing existing debts, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bankhead-Jones Farm Tenant Act, as amended, is further amended by adding the following new title V:

"TITLE V—DIRECT AND INSURED REFINANCING LOANS

"SEC. 60. (a) The Secretary is authorized to make or insure loans to eligible farmers and stockmen for the purposes of refinancing, consolidating, renewing, or extending all or part of the existing debts of the applicant, whether unsecured or secured by real or personal property, and for farm operating and subsistence expenses in connection therewith.

"(b) Such loans shall be made, or insured if made by a private credit source, to establish farmers and stockmen who operate farms not larger than family type farms in the area and who are unable to repay their existing indebtedness in accordance with present repayment schedules, are unable to secure refinancing of such indebtedness through private or cooperative sources on terms and conditions which they could reasonably be expected to meet and with respect to whom the county committee certifies and the Secreary finds there is a reasonable expectation that, with the assistance provided hereunder and the other resources available to him, the applicant will be able to repay the loan and continue his farming operations.

"(c) (1) With respect to such loans the representation certification and finding required by section 44 (a) (3) shall be that credit sufficient in amount and on reasonable terms which the applicant can meet is not available to him in or near the community in which he resides from commercial banks, cooperative lending agencies, or from any other responsible source.

"(2) The Secretary shall require such loans to be repaid as provided in section 44 (c) whenever it appears that the borrower is able to obtain a loan from a production credit association, Federal land bank, or other responsible cooperative

or private credit source at rates and terms which he can reasonably be expected to meet.

"SEC. 61. (a) In providing for the making or insuring of loans under the title, the Secretary—

"(1) is authorized to insure and make commitments to insure such loans on such terms and conditions as he may prescribe;

"(2) is authorized to include in such insurance contracts agreements for servicing such loans and for purchasing such loans, whether or not in default, on such terms and conditions as he may prescribe; and

"(3) is authorized to prescribe the terms and conditions, including the interest rate or rates, for such loans: *Provided, however*, That (i) the total principal indebtedness of any applicant at any one time shall not exceed the fair and reasonable value, based on earning capacity or normal market value, of the applicant's farm and the fair and reasonable market value of his chattels which have security value, less the outstanding balance of any liens not refinanced hereunder; and that (ii) such loans secured only by channel liens shall be repayable within the normal useful life of the chattels or at the normal market time therefor, and loans secured by real estate mortgages shall be repayable in not to exceed forty years.

"(b) The Secretary shall utilize the insurance fund created by section 11 of the Bankhead-Jones Farm Tenant Act, as amended, and the provisions of section 13 (b) and (c) of said Act in connection with loans insured under this title. The notes and security therefor acquired by the Secretary pursuant to insurance or repurchase agreements under this section shall become a part of the fund. Such notes may be held in the fund and collected according to their terms, or may be sold, and, if necessary, reinsured. All proceeds from such collections, including the liquidation of security, and sales of notes shall become a part of the fund.

"(c) The Secretary shall require the borrower to pay such insurance charges as he deems proper, taking into account the amount of the loan and any prior liens: *Provided, however*, That the charge shall be payable in advance at intervals of one year or less and shall be at a rate equal to at least 1 per centum per annum of the principal outstanding on the loan on the due date of the charge. One-half of all insurance charges shall become a part of the fund and one-half shall be deposited in the Treasury of the United States and shall be available for administrative expenses in connection with the insurance of loans.

"(d) The Secretary may utilize the fund for the payment of taxes, special assessments, water rates, insurance, prior liens, foreclosure expenses, and any other expenses incident to the actions authorized under section 51 of this Act. Such expenditures, where necessary, may be made to protect insured loans while the loans are still held by insured lenders as well as after they have been assigned to the Secretary.

"(e) Any loan insured under this section shall be an obligation guaranteed by the United States as to principal and interest and the insurance agreement shall be incontestable, except for fraud or misrepresentation of which the holder has actual knowledge.

"(f) The aggregate amount of principal obligations on loans insured under this section shall not exceed $45,000,000 in any one fiscal year.

"SEC. 62. There is authorized to be appropriated to the Secretary such sums as the Congress may from time to time determine to be necessary to carry out the provisions of this title."

DEPARTMENT OF AGRICULTURE,
Washington, D. C., April 18, 1956.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of January 5 for a report on S. 3035 and your request of February 13 for a report on S. 3184. Both of these bills are designed to amend the Bankhead-Jones Farm Tenant Act and to authorize the Secretary of Agriculture to make or insure loans to farmers and stockmen for the purpose of refinancing existing debts, and for other purposes.

Both of these bills would amend the Bankhead-Jones Farm Tenant Act by adding a title V which would authorize loans for the purposes of refinancing, consolidating, renewing, or extending all or a part of the existing debts of the ap-

plicant whether unsecured or secured by real estate or personal property and for farm operating and subsistence expenses. These loans would be secured by chattel mortgages or by real-estate mortgages. The bills are identical in all respects except S. 3035 specifies $50 million as the maximum amount of obligations to be insured in any fiscal year whereas S. 3184 specifies $45 million and section 60 (b) of S. 3035 provides that loans may be made or insured to "established farmers" whereas S. 3184 uses the language "to establish farms."

The Department recognizes the need for loans for refinancing debts of farmers who are unable to meet the repayment terms of their present debts but who have reasonable likelihood of placing their farming business on a sound basis if their debts are refinanced on more favorable terms. Loans for refinancing are needed particularly by veterans and others who started farming in recent years with high debt obligations. Many of these farmers are experiencing difficulties due to production losses resulting from adverse weather conditions and the fact that current price-cost relationships are less favorable than they were at the time their debts were incurred.

The Department prefers, however, to meet the refinancing credit needs of farmers under the proposed section 17 of title I of the Bankhead-Jones Farm Tenant Act which recently has been submitted to the Congress. Under this authority, refinancing loans, secured by real estate, could be made until June 30, 1959, under title I of the Bankhead-Jones Farm Tenant Act from either direct or insured funds. The maximum amount of loans insured during any year under this section would be limited to $50 million.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

[S. 3247, 84th Cong., 2d sess.]

A BILL To simplify, broaden, and consolidate the authority of the Secretary of Agriculture with respect to making loans to farmers and stockmen in cases of disaster and severe production losses, and to broaden his authority with respect to loans made under title II of the Bankhead-Jones Farm Tenant Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Farmers and Stockmen Emergency Loan Act". As used in this Act, "Secretary" means the Secretary of Agriculture.

SEC. 2. (a) The Secretary is authorized, in any area designated as an emergency area pursuant to the provisions of subsection (b) of this section, to make loans to bona fide farmers and stockmen for any agricultural purposes, including but not limited to, the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the refinancing of existing indebtedness, and for family subsistence.

(b) The Secretary may designated any area as an emergency area if he finds—

(1) that there exists in such area a general need for agricultural credit which cannot be met for temporary periods of time by private, cooperative, or other responsible sources (including loans the Secretary is authorized to make or insure under any other Act of Congress) at reasonable rates, and on terms and conditions which farmers and stockmen could be expected to meet under the circumstances; and

(2) that the need for such credit in such area is the result of natural disaster or severe production losses.

SEC. 3. (a) Loans made or insured by the Secretary under the provisions of this Act shall—

(1) be made to farmers and stockmen (A) who have a reasonable prospect for successful operation with the assistance of such loan, and (B) who cannot secure the credit they need from other sources on reasonable terms and conditions;

(2) be made at a rate of interest not to exceed 3 per centum per annum; and

(3) be secured (A) in the case of any individual farmer or stockman, by the personal obligation and available security of the farmer or stockman, and (B) in the case of corporations or other business organizations, by the personal obligation and available security of each person holding as much

as 10 per centum of the stock or other interest in the corporation or organization.

(b) Such loans shall be subject to an agreement that if at any time it shall appear to the Secretary that the borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private source, at reasonable rates and terms for loans for similar purposes and periods of time prevailing in the area, the borrower will, upon request by the Secretary, apply for and accept such loan in sufficient amount to repay the Secretary or the insured lender, or both, and to pay for any stock necessary to be purchased in the cooperative lending agency in connection with such loan.

(c) Such loans shall be subject to such other terms and conditions as the Secretary may prescribe.

SEC. 4. (a) The Secretary is authorized, in any area designated by him pursuant to subsection (b) of section 2 of this Act as an emergency area, to furnish bona fide farmers and stockmen with feed for livestock or seeds for planting.

(b) The Secretary shall furnish such feed and seeds for such period or periods of time and under such terms and conditions as he may determine to be required by the nature and effect of the emergency in any such designated area.

(c) The Secretary may utilize the personnel, facilities, property, and funds of the Commodity Credit Corporation for carrying out the purposes of this section and shall reimburse such Corporation for the value of any commodities furnished which are not paid for by the farmers or stockmen, and for costs and administrative expenses necessary in performing such functions.

SEC. 5. The Secretary is authorized to utilize the revolving fund created by section 84 of the Farm Credit Act of 1933, as amended (12 U. S. C. 1148a), (hereinafter referred to as the "fund") for carrying out the purposes of this Act.

SEC. 6. (a) All sums received by the Secretary from the liquidation of loans made under the provisions of this Act and the Act of April 6, 1949, as amended (63 Stat. 43), and the Act entitled "An Act to provide emergency credit", approved August 31, 1954 (68 Stat. 999), and from the liquidation of any other assets acquired with money from the fund shall be added to and become a part of the fund.

(b) There are authorized to be appropriated to the fund such additional sums as the Congress shall from time to time determine to be necessary.

SEC. 7. The Act of April 6, 1949, as amended (63 Stat. 43), and the Act entitled "An Act to provide emergency credit", approved August 31, 1954(68 Stat. 999), are hereby repealed.

SEC. 8. The repeal of any provision of law made by section 7 of this Act shall not—

(1) invalidate any action taken, or affect the validity of any obligation incurred, under any such provision; or

(2) prejudice the application of any farmer or stockman, with respect to receiving assistance under the foregoing provisions of this Act, solely because any such farmer or stockman is obligated for assistance received under any such repealed provision.

SEC. 9. The Secretary is authorized to issue such rules and regulations as he deems necessary to carry out the purposes of the foregoing provisions of this Act.

SEC. 10. Title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1007–1009), is amended to read as follows:

"TITLE II—REFINANCING AND GENERAL FARM LOANS

"SEC. 21. (a) The Secretary is authorized to make and insure loans to farmers and stockmen who are citizens of the United States for any agricultural purposes, except as provided in subsection (a) (4) of section 44 of this Act, including but not limited to, the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practice to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence.

"(b) (1) No original loan shall be made or insured under the provisions of this title to a borrower for an amount in excess of $21,000.

"(2) No additional loan shall be made or insured under the provisions of this title to a borrower if the total amount of such borrower's indebtedness (including accrued interest, taxes, and other obligations properly chargeable to the account of the borrower), for loans made under the provisions of this title, is in excess of $30,000.

"(c) The term of any loan made or insured under the provisions of this title, including any renewal or extension thereof, shall not exceed fifteen years from the date the original loan was made.

"(d) Any borrower (1) who has failed for a period of fifteen consecutive years to liquidate indebtedness incurred by him under the provisions of this title, or (2) who has failed for a period of fifteen consecutive years to liquidate indebtedness incurred by him for any other production-type loan which is being serviced and collected by the Farmers Home Administration, shall be ineligible for loans hereunder until he has paid such indebtedness in full.

"SEC. 22. The Secretary may assist in the voluntary adjustment of indebtedness between farm debtors and their creditors and may cooperate with State, Territorial, and local agencies and committees engaged in such debt adjustment. Services furnished by the Secretary under the provisions of this section may be without charge to the debtor or creditor.

"SEC. 23. There are authorized to be appropriated to the Secretary such sums as the Congress may from time to time determine to be necessary to enable the Secretary to carry out the purposes of this title."

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, April 23, 1956.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of February 22, 1956, for a report on S. 3247, a bill to simplify, broaden, and consolidate the authority of the Secretary of Agriculture with respect to making loans to farmers and stockmen in cases of disaster and severe production losses, and to broaden his authority with respect to loans made under title II of the Bankhead-Jones Farm Tenant Act.

The Department favors the objective of having its emergency lending authorities consolidated into one law, which would be accomplished by sections 2, 3, and 5 through 9 of S. 3247. There are, however, some reservations concerning these sections which will be stated later in this letter. There is no objection to section 4 of the bill relating to assistance in supplying farmers and stockmen with feed for livestock and seed for planting, although it raises some substantial questions as to its effect on other laws. The Department does not recommend enactment of section 10 of S. 3247, which would revise title II of the Bankhead-Jones Farm Tenant Act, for reasons that will also be stated later in this letter.

Sections 2 through 9 would (1) repeal existing laws authorizing the Secretary of Agriculture to make fur loans, special livestock loans, production and economic emergency loans, and special emergency loans, as well as existing authority under section 2 (d) of Public Law 38, as amended, to provide feed and seed to farmers and stockmen in areas designated by the President under Public Law 875 (64 Stat. 1109, 42 U. S. C. 1855) and defined by the Secretary under Public Law 38, as amended (12 U. S. C. 1148a–2), (2) substitute authority for the Secretary to make loans in designated emergency areas to farmers and stockmen for any agricultural purpose, including refinancing of existing debts, where the needed credit cannot be met for temporary periods of time by private, cooperative, or other responsible sources (including loans the Secretary is authorized to make or insure under any other act of Congress), and the need for credit in such an area is the result of natural disaster or severe production losses, and (3) substitute authority to furnish farmers and stockmen in such areas designated only by the Secretary with feed for livestock and seed for planting.

S. 3247 does not enlarge existing emergency lending authorities except that the bill specifically authorizes the refinancing of debts, whereas the laws that would be repealed are either silent or specifically prohibit the refinancing of debts. The bill, on the other hand, restricts the Secretarys' authority to designate an emergency to those instances in which he finds "(1) that there exists in such area a general need for agricultural credit which cannot be met for temporary periods of time * * *, and (2) that the need for such credit in such area is the result of natural disaster or severe production losses." Under these provisions, an area could not be designated when the general need for credit arises from economic conditions such as those contemplated in the enactment of Public Law 727, 83d Congress, as amended (68 Stat. 999, U. S. C. 1148a–1, note),

instead of natural disaster or severe production losses. Such authority now exists under Public Law 727 and we believe similar authority should be continued. This could be accomplished by inserting a comma after the words "natural disaster" in line 19, page 2, and inserting in lieu of the phrase "or severe production losses," the following: "severe production losses or adverse economic conditions," and by adding, as section 3 (a) (4) on page 3, after line 11, the following:

"(4) Loans in any areas designated solely because of adverse economic conditions shall not exceed $15,000 in the case of any one loan and no loan shall be made thereafter to any one borrower which would cause the total indebtedness of such a borrower to exceed $20,000, including principal, accrued interest, taxes, and other obligations properly chargeable to the account of the borrower for loans under this provision and under Public Law 727, 83d Congress, as amended."

We believe these additional provisions are necessary to meet credit needs arising from economic conditions contemplated by Public Law 727. The monetary limitations applicable to loans to any one borrower are the same as those now in effect under Public Law 727, but would not be applicable to loans made under other provisions of this bill.

The areas in which feed and seed assistance might be made available, under designations pursuant to section 2 (b) of the bill, might not coincide with the areas proclaimed by the President under Public Law 875, 81st Congress, as major disaster areas, or under section 407 of the Agricultural Act of 1949, as amended by section 301 of Public Law 480, 83d Congress (7 U. S. C. 1427). If section 4 is enacted as proposed, it may be necessary to further amend the Agricultural Act of 1949 to authorize the Commodity Credit Corporation to make available, in such additional areas, farm commodities or products owned or controlled by it.

Sections 2, 3, and 5 through 9 of S. 3247 make no provisions for additional advances to borrowers now indebted for loans obtained under the laws that would be repealed by the bill, unless the areas involved were later designated by the Secretary pursuant to the provisions of the bill. Authority for loans of that nature should be continued in order to protect the Government's investment in existing loans, even though the Secretary may not be able to make the required findings to justify designation of the area as set forth in section 2 (b) of the bill. This could be accomplished by the addition of a subparagraph (3) on page 5, after section 8 (2), reading as follows:

> "(3) prevent the making of subsequent loans to borrowers still indebted on loans made under the Act of April 6, 1949, as amended (63 Stat. 43), or the Act entitled 'An Act to provide emergency credit,' as amended (Public Law 727, 83d Congress, as amended (68 Stat. 999)) when necessary to protect the Government's investment in such loans and when there is reasonable assurance that the subsequent loan and the outstanding balances on the previous loans will be repaid. Such subsequent loans may be made to indebted borrowers even though the area in which they conduct their farming or livestock operations is not designated by the Secretary as an emergency area under this Act. Such loans made will otherwise be subject to all other provisions of this Act."

Section 10 of S. 3247 would amend title II of the Bankhead-Jones Farm Tenant Act, as amended, to (1) increase from $7,500 to $21,000 the original amount of the loan that may be made, (2) provide authority for additional loans to borrowers until their total indebtedness reaches $30,000 instead of the present $10,000 limitation, (3) provide authority for additional loans to borrowers, within the monetary limitations stated, until they have been continuously indebted for a period of 15 years instead of the present 7-year limitation. The Department favors the provisions of S. 3429 in place of section 10 of this bill to provide the necessary and proper amendments to title II of the Bankhead-Jones Farm Tenant Act, as amended. The revisions proposed in S. 3429 in the statutory lending authorities of the Farmers' Home Administration would broaden these authorities, make possible additional refinancing of debts of farmers and stockmen, and otherwise permit the agency more nearly to meet the needs of farmers and stockmen.

Section 3 (a) of the bill refers to loans "made or insured by the Secretary under the provisions of this act." We assume that the words "or insured" were intended only to encompass the loans proposed to be insured under title II of the Bankhead-Jones Farm Tenant Act as it would be amended by section 10 of the

bill, and that the Secretary would not be authorized to insure loans under section 2 (a). If section 10 is deleted from the bill, the words "or insured" should be deleted from line 20, page 2.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

[S. 3293, 84th Cong., 2d sess.]

A BILL To extend the provisions of the Act of April 6, 1949, relating to special livestock loans, to producers of hogs

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 (c) of the Act of April 6, 1949, as amended (12 U. S. C. 1148a–2 (c)), is amended by inserting after "sheep," the following: "hogs,".

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, April 13, 1956.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of February 29 for a report on S. 3293, a bill to amend the act of April 6, 1949, as amended, to authorize the making of special livestock loans to established producers and feeders of hogs.

The Department does not recommend the enactment of the proposed legislation.

Section 2 (c) of the act of April 6, 1949, as amended (12 U. S. C. 1148a–2 (c)), authorizes special livestock loans to established producers and feeders of cattle, sheep, and goats. The proposed bill would extend the provisions of the act to authorize special livestock loans to established producers and feeders of hogs. Special livestock loans were made available in 1953 primarily to aid in preserving basic livestock herds, particularly in the drought-stricken areas. Cattle, sheep, and goats in these areas were facing wholesale liquidation at the time because of the deterioration of range conditions resulting from he prolonged drought and depressed livestock prices. The preservation of herds, of course, is not a comparable problem among hog producers. There is some evidence, however, of a need for additional credit facilities in the heavy hog-producing areas because of current depressed prices. The Department has recognized this problem and the recent recommendation submitted to the Congress concerning certain amendments to the Bankhead-Jones Farm Tenant Act, together with the recommendation for extending the authority to make special emergency loans under Public Law 727, 83d Congress, as amended by Public Law 117, 84th Congress, will provide adequate additional credit in these areas.

The Bureau of the Budget has advised that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, Acting Secretary.

[S. 3429, 84th Cong., 2d sess.]

A BILL To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

Section 1 (a) is amended by striking from the second sentence thereof the words "to assist borrowers under this title in making the" and inserting in lieu thereof the words "or insured for" and by striking the word "their" preceding the words "farming operations".

(b) Section 1 (b) is amended by inserting after the word "only" in the first sentence the words "farm owners", by striking the words "(including owners of

inadequate or underimproved farm units)" and by inserting in lieu of the words "the major portion" the words "a substantial portion".

(c) Section 1 (c) is amended to read as follows:

"No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: *Provided, however*, That (1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and—

"(2) loans may be made or mortgages insured to owner-operators who live on units which are less than family-type units, to repair or improve such farm units and to refinance indebtedness against such farm units if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loans."

(d) Section 2 (b) is amended by striking from the first sentence thereof the word "the" preceding the word "rates" and inserting in lieu thereof the word "reasonable", and by striking the words "(but not exceeding the rate of 5 per centum per annum)". The second sentence of said subsection is amended by striking the period at the end thereof and inserting a comma and the following "except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm".

(e) Section 3 (a) is amended to read as follows:

"SEC. 3. (a) Loans made under this title shall not be in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness, and shall be secured by a first or second mortgage or deed of trust on the farm."

(f) Section 12 (b) is amended by striking the figure "$100,000,000" and inserting in lieu thereof the figure "$125,000,000".

(g) Section 12 (c) is amended by striking item (5) thereof and inserting in lieu thereof a new item (5) reading as follows:

"(5) Loans insured under this section shall not be in excess of the amount certified by the county committee to be the fair and reasonable value of the farm."

(h) Section 12 (e) is amended by striking from the last sentence of item (2) the words "to carry out the provisions of this title, relating to mortgage insurance" and by inserting in lieu thereof the words "of the Farmers Home Administration and may be transferred annually to that administrative expense account and become merged therewith".

(i) Section 16 (a) is amended by inserting in the first sentence thereof before the word "mortgages" the words "or second" and by adding the following sentence at the end of said subsection "Loans insured under this section shall not be in excess of the amount certified by the county committee to be the value of the farm, less any prior lien indebtedness."

(j) The following new section 17 is added:

"SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000."

SEC. 2. Title II of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words "Production and Subsistence Loans" in the title and inserting in lieu thereof the words "Operating Loans", and by the amendment of section 21 to read as follows:

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming

operations, the refinancing of existing indebtedness, and for family subsistence: *Provided, however*, That loans may be made to operators of less than family-type units if the farm unit is of sufficient size to produce income which, together with the income from other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No loan may be made to any one borrower under this section which would cause the total principal amount outstanding to exceed $10,000: *Provided, however*, That an amount not to exceed 10 per centum of the sum made available by annual appropriation for loans under this title may be used for making loans to borrowers which would cause such indebtedness to exceed $10,000 but in no e vent may any loan be made which would cause such indebtedness to exceed $20,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed seven years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: *Provided, however*, That in justifiable cases where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within seven years is due to causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed ten years from the date the original loan was made, and during such extended term may make additional loans to such persons, if necessary."

SEC. 3. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

(a) Section 41 (g) is amended to read as follows:

"(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require: *Provided, however*, That—

"(1) Compromise, adjustment or reduction of claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

"(2) Releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

"(A) borrowers who have transferred the security property to other approved applicants under agreements assuming the outstanding secured indebtedness; and

"(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"(3) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this Act; and

"(4) any claim which has been due and payable for five years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt payment ability, or is deceased and has left no estate, or has been absent from his last known address for a period of at least five years, has no assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided, however*, That claims involving a principal balance of $150 or less may be charged off or

released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical."

(b) The first sentence of section 42 (a) is amended by inserting after the word "county" in each of three places the words "or area".

(c) Section 43 (d) is amended by striking the words "as family-size farms".

(d) Section 44 (a) (3) is amended by striking the word "the" as it appears before the word "rates" and inserting in lieu thereof the word "reasonable" and by striking the words "(but not exceeding the rate of 5 per centum per annum)", and section 44 (c) is amended by inserting before the word "rates" the word "reasonable" and by striking the words "(but not exceeding the rate of 5 per centum per annum)".

(e) Section 51 is amended to read as follows:

"SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by or acquired by the Secretary under any programs administered by the Farmers' Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act. Any advances or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortgage insurance fund."

DEPARTMENT OF AGRICULTURE,
Washington, D. C., April 11, 1956.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of March 15 for a report on S. 3429, a bill to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

The Department favors enactment of S. 3429.

Enactment of this bill would be a significant improvement in the agricultural credit facilities of this Department and would be a valuable contribution to the solution of some of the pressing credit problems confronting farmers. Briefly, S. 3429 would accomplish the following:

1. Until June 30, 1959, title I loans would be made for refinancing secured and unsecured debts of farmers who are unable to meet the repayment terms of their present debts but who have reasonable livelihood of placing their farming business on a sound basis if their debts are refinanced on more favorable terms. Loans for refinancing are needed particularly by veterans and others who started farming in recent years with high debt obligations. Many of these farmers are experiencing difficulties due to production losses resulting from adverse weather conditions and the fact that current cost-price relationships are less favorable than they were at the time their debts were incurred. This authority would be used only when satisfactory arrangements could not be made with the present creditors or other creditors to extend, reamortize, or refinance the applicant's debts. The total amount of refinancing loans insured during any fiscal year could not exceed $50 million.

2. The essential credit needs of operators of less than family-type farms who have income from other sources would be met under the proposed bill by removing some of the limiting provisions of the existing law and by proposed additional authorizations. Farmers of this type would be assisted in meeting their operating and farm management credit needs, including their credit needs for housing and other farm buildings. This additional authority would be particularly significant in implementing the rural development program.

3. Loans under title I are now limited to an amount not in excess of the average value of efficient family-type farm-management units in the county. The bill would remove this limitation and thereby permit loans on all family-type farms rather than only those farms which are average or below in value. However, if the bill is enacted, the Department proposes to continue making loans for the

acquisition of farms (as distinguished from farm development and refinancing loans) that have value which is not greater than the average value of efficient family-type farms in the area.

4. The bill would authorize insured loans in amounts not in excess of the fair and reasonable value of the farm as certified by the county committee, instead of limiting such loans to 90 percent of that value. This would permit making insured loans on the same basis as that on which direct title I loans and loans under the Water Facilities Act have been made since 1937. Experience with direct loans under title I of the act, the Water Facilities Act of 1937, and title V of the Housing Act of 1949 has demonstrated that sound loans can be made in amounts up to the fair and reasonable value of the farm, based on a normal earning capacity or normal market value appraisal.

5. The provision to increase the loan-insurance authority from $100 million to $125 million per year would enable the Department to meet the credit needs of more farmers and permit more extensive use of private funds to achieve the objectives of title I.

6. The loan limit on a portion of the opertaing loans authorized in title II would be increased. No more than 10 percent of the funds available could be used for operating loans to family-type farmers and ranchers whose credit needs for acquiring livestock, machinery, equipment, and paying annual operating expenses are in excess of $10,000. This increase in the loan limit would make it possible to serve additional family-type farmers and ranchers. Applications for loans for many such family-type farmers and ranchers must now be rejected because their farming operations cannot be soundly financed within the present $10,000 limit. In no event could any loan be made which would cause such indebtedness to exceed $20,000.

7. Loans under title II may be made for not more than 7 years. Borrowers are ineligible for further loans unless they have repaid such loans within 7 years. The bill would permit the extension or renewal of title II loans for not more than 3 years beyond the initial 7 years and authorize the advance of additional funds during this period. This authority is needed in justifiable cases because prolonged drought and other adverse weather conditions in some areas and the present agricultural price-cost relationships have retarded the progress of borrowers in graduating to other sources of credit.

8. If enacted, the bill would change the criteria for determining the availability of credit to applicants and borrowers. This would enable the Department to remain noncompetitive with other sources of credit. The availability of credit would be determined on the basis of credit being available from other sources at "reasonable rates and terms" rather than at an interest rate "not exceeding the rate of 5 percent per annum." Prevailing interest rates for credit from local private and cooperative sources usually are in excess of 5 percent. The rigid 5-percent yardstick contained in the act is not an appropriate basis for determining whether applicants or borrowers are able to obtain needed credit from other sources.

9. Section 3 of the bill proposed several changes in the authority for servicing Farmers' Home Administration loans and security. It is suggested that the proposed amendment to section 41 (g), dealing with debt settlement authority, be further changed by the insertion of the word "known" before the word "assets" in line 1, page 9, of the bill. With this change, debts of borrowers who have been absent from their last known address for 5 years and whose whereabouts cannot be ascertained without undue expense may be charged off without expensive investigation as to whether such borrowers have any recoverable assets.

10. A number of other changes would be made in the act which would improve, simplify, and make more uniform the loan-making and servicing operations.

If S. 3429 is enacted, it would provide a basis and authorization for increasing materially the volume of loans under the act. A substantial part of this increase would be achieved under the broadened authority to make direct and insured loans to farmers, who own and operate farms that are not larger than family-type farms, for dwellings and service buildings.

The President, in a message to the Congress dated April 26, 1955, outlined the need for certain legislation to implement the rural development program. On May 24, 1955, the Department submitted to the Congress a legislative proposal to add a title V to the Bankhead-Jones Farm Tenant Act which would provide authority for loans to part-time and low-income farmers that could not be made under the existing authorities of titles I and II of the act. This proposal was incorporated in S. 2099 (84th Cong., 1st sess.). The essential provisions of that bill are included in S. 3429. Therefore, if S. 3429 is enacted, there would be no need for enactment of S. 2099.

The President's special message on the Great Plains program indicated that this program is largely being implemented within existing legislation, although additional funds and some extension of legislative authorities may be needed. S. 3429 would further implement the credit phases of the Great Plains program by broadening the authority to refinance existing debts, by providing authority to make larger loans under title II, and by extending in justifiable cases the title II loans up to 10 years.

At present, it does not appear that Congress will need to appropriate for direct title I loans any sums in excess of the level of the current fiscal year. The increased volume of loans that would result from the enactment of this bill could be handled as insured loans. Additional funds needed for title II loans, because of the proposed broadening of the scope of the program, including the rural development program and assistance to other low-income farmers, is estimated at a minimum of $15 million. The increased number of all types of loans under the act in the fiscal year 1957 would require an increase in appropriations for administrative expenses of about $2,350,000.

The Bureau of the Budget advises that it has no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

[S. 3559, 84th Cong., 2d sess.]

A BILL To amend the Act of August 31, 1954, as amended, so as to extend the availability of emergency credit to farmers and stockmen

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Act of August 31, 1954, as amended (68 Stat. 999; 69 Stat. 223), is further amended by striking out the figure "1957" and inserting in lieu thereof the figure "1959"; and by striking out the phrase "aggregating not to exceed $15,000,000,". Section 3 of said Act is amended by inserting in the first sentence thereof, after the words "this Act," the following: "but not to exceed $50,000,000 after the enactment of the 1956 amendment of this Act,".

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, April 13, 1956.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This will reply to your letter of March 30 requesting a report on S. 3559, a bill to amend the act of August 31, 1954, as amended, so as to extend the availability of emergency credit to farmers and stockmen.

The Department recommends the enactment of S. 3559.

Public Law 727, 83d Congress, as amended by Public Law 117, 84th Congress, authorizes the making of emergency loans from the revolving fund to eligible farmers and stockmen in those areas designated by the Secretary of Agriculture upon his determination that there is a need for agricultural credit, except for the refinancing of existing indebtedness, which cannot be met for a temporary period by commercial banks, cooperative lending agencies, the Farmers' Home Administration under its regular lending programs, or with other types of loans made by the Farmers' Home Administration pursuant to Public Law 38, and amendments thereto (63 Stat. 43, as amended, 12 U. S. C. 1148 (a) et seq.). The lending authority pursuant to Public Law 727, as amended, will expire on June 30, 1957. Based on the anticipated volume of loans during the current year, the present $15 million limit will not provide adequate funds for such loans during the 1957 crop year. S. 3559 would extend to June 30, 1959, the period during which such loans may be made, and would raise the ceiling on the amount which may be loaned to $50 million.

Emergency loans are made available under Public Law 38 only in (1) areas which have suffered serious production disasters, and (2) areas within major disaster areas designated by the President pursuant to Public Law 875 (42 U. S. C. 1851 et seq., as amended), having a serious economic emergency. Without the authority contained in Public Law 727, as amended, emergency loans

could not be made in areas experiencing serious emergencies because of economic conditions or other reasons, but which have not had production losses or have not been designated as major disaster areas pursuant to Public Law 875. Although the emergency credit needs of farmers and stockmen in many areas are being met through loans made pursuant to Public Law 38, there are many other areas in need of emergency credit from time to time because of economic conditions which cannot qualify, as described above, for loans under Public Law 38. At present, emergency loans pursuant to Public Law 727 are available in designated areas in 18 States. We do not know what the situations will be in these and other areas in the future but we think there is a need for a standby authority to make emergency loans available through June 30, 1959.

Public Law 727, as originally enacted for a period of only 1 year, contained a restriction of $15 million on the amount which could be loaned under this authority. It was contemplated at the time that this amount would be adequate for the 1-year period. However, wih the later extension of the lending authority to June 30, 1957, and with the further extension to June 30, 1959, which would be authorized by S. 3559, we think the monetary ceiling for the making of loans pursuant to this authority should be raised to $50 million. This amount would be made available from the revolving fund.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

[S. 3790, 84th Cong., 2d sess.]

A BILL To strengthen the Nation by providing auxiliary credit resources required to preserve the family-size farm, providing additional credit for farm enlargement and development, refinancing of existing indebtedness, expansion and simplification of farm ownership and operations credit programs by amendment of the Bankhead-Jones Farm Tenant Act, and extension and simplification of emergency and disaster farm credit by amendment of the Acts of April 6, 1949, as amended, and of August 31, 1954, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the second sentence of subsection (a) of section 1 of the Bankhead-Jones Farm Tenant Act, as amended, is amended to read as follows: "Loans may also be made or insured for improvements needed to adjust farming operations to changing conditions."

(b) The first sentence of subsection (b) (1) of section 1 of such Act is amended to read as follows: "Except with respect to veterans qualified under subsection (b) (2) of this section, only farm owners, farm tenants, farm laborers, sharecroppers, and other individuals who obtain, or who recently obtained, a substantial portion of their income from farming operations, shall be eligible to receive the benefits of this title."

(c) Subsection (c) of section 1 of such Act is amended to read as follows:

"(c) No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the county committee determines to be sufficient to enable the family to carry on successful farming of a type which the county committee deems can be carried on successfully in the locality in which the farm is situated, except that (1) loans may be made to veterans or mortgages insured for veterans, as defined in such section (b) (2) of this section, who have pensionable disabilities, with repsect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and (2) loans may be made or mortgages insured to owner-operators who live on units which are less than family-type units, to repair or improve such farm units and to refinance indebetedness against such farm units if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loans."

(d) Subsection (b) of section 2 of such Act is amended—

(1) by striking out "5 per centum" and inserting in lieu thereof "4 per centum".

(2) by striking out the period at the end of the second sentence thereof and inserting a comma and the following: "except that, with respect to loans under clauses (1) and (2) of section 1 (c) of this title, the certification shall be based upon the normal market value of the farm."

(e) Subsection (a) of section 3 of such Act is amended by striking out the second sentence of such subsection.

(f) Subsection (b) (2) of section 3 of such Act is amended by striking out "5 per centum", and inserting in lieu thereof "3 per centum".

(g) Section 5 of such Act is amended by striking out "$50,000,000", and inserting in lieu thereof "$150,000,000"; and by striking out "June 3, 1947", and inserting in lieu thereof "June 30, 1957".

(h) Subsection (a) of section 11 of such Act is amended by striking out "$25,000,000", and inserting in lieu thereof "$50,000,000".

(i) Subsection (b) of section 12 of such Act is amended by striking out "$100,000,000", and inserting in lieu thereof "$120,000,000".

(j) Subsection (c) of section 12 of such Act is amended by—

(1) striking out in paragraph (4) "4 per centum", and inserting in lieu thereof "3 per centum"; and

(2) by striking out paragraph (5) and inserting in lieu thereof the following:

"(5) loans insured under the provisions of this section shall not be in excess of the amount certified by the appropriate county committee to be the fair and reasonable value of the farm;".

(k) Section 12 of such Act is amended by striking out subsections (d) and (e) thereof.

SEC. 2. Title II of the Bankhead-Jones Farm Tenant Act is amended to read as follows:

"TITLE II—OPERATING LOANS

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence. Such loans may also be made to operators of less than family-type farm units if the farm unit is of sufficient size to produce income which, together with the income from other sources, including pensions in the case of disabled veterans, will enable such operators to meet living and operating expenses and the amounts due on their loans.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No initial loan to any one borrower under this section shall exceed $25,000 and no further loan may be made under this section to a borrower so long as the total amount outstanding, including accrued interest, taxes, and other obligations properly chargeable to the account of the borrower, exceeds $40,000.

"(c) The rate of interest on loans made under the provisions of this title shall not exceed 3 per centum per annum."

SEC. 3. (a) Subsection (g) (3) of section 41 of the Bankhead-Jones Farm Tenant Act is amended by striking out "$100" and "$10", and inserting in lieu thereof "$200" and "$50", respectively.

(b) Subsection (b) of section 42 of such Act is amended by striking out "$5", and inserting in lieu thereof "$15".

(c) Section 44 of such Act is amended by—

(1) striking out in subsection (a) (3) "5 per centum", and inserting in lieu thereof "4 per centum";

(2) striking out in subsection (b) "5 per centum", and inserting in lieu thereof "4 per centum"; and

(3) striking out in subsection (c) "5 per centum", and inserting in lieu thereof "4 per centum".

SEC. 4. The Act of August 28, 1937, as amended (16 U. S. C. 590r–590x), is amended—

(1) by striking out in section 8 "$250,000", and inserting in lieu thereof "$1,000,000";

(2) by striking out subsection (a) (4) and subsection (c) of section 10 of such Act; and

(3) by adding at the end thereof a new section as follows:

"SEC. 11. The rate of interest on any loan made or insured under the provisions of this Act shall not exceed 3 per centum per annum."

SEC. 5. Subsection (c) of section 2 of the Act of April 6, 1949, amended (12 U. S. C. 1148a–2), is amended—

(1) by striking out in the first sentence "For a period of four years from July 14, 1953, loans for $2,500 or more", and inserting in lieu thereof "Loans";

(2) by striking out the second sentence and inserting in lieu thereof the following: "Loans to such producers and feeders may also be made under this subsection for the purpose of refinancing any existing indebtedness incurred for purposes for which loans may be made under this subsection.";

(3) by striking out in the third sentence "three years", and inserting in lieu thereof "ten years";

(4) by striking out the fourth and fifth sentences and inserting in lieu thereof the following: Loans made under the provisions of this subsection shall bear interest at a rate not to exceed 3 per centum per annum and shall be made on such other terms and conditions as the Secretary shall prescribe."; and

(5) by adding at the end of subsection (c) a new sentence as follows: "The Secretary is authorized to make advances of Commodity Credit Corporation owned wheat and feed grains to farmers and stockmen, who are unable to obtain loans from other sources on such terms and conditions as they could reasonably be expected to meet, for the purpose of furnishing the feed needed by such farmers and stockmen to preserve a breeding stock of cattle, hogs, work stock, and poultry. Such advances shall be repayable in kind or money within a period of three years and shall bear interest at a rate not to exceed 3 per centum per annum."

SEC. 6. The Act entitled "An Act to provide emergency credit", approved August 31, 1954, as amended (68 Stat. 999), is amended—

(1) by striking out the first section and inserting in lieu thereof the following: "The Secretary is authorized to make emergency loans for any agricultural purposes and for refinancing exising indebtedness to farmers and stockmen when there is a need for such credit which cannot be met from commercial banks, cooperative lending agencies, the Farmer's Home Administration under its regular programs or under the Act of April 6, 1949, or other responsible sources.";

(2) by writing out clauses (2) and (3) of section 2;

(3) by striking out in clause (4) of section 2 the words "for such area or areas" and

(4) by renumbering claulses (4) and (5) of section 2 as clauses (2) and (3), respectively.

SEC. 7. The Bankhead-Jones Farm Tenant Act, as amended, is amended by adding at the end thereof the folowing new titles:

"TITLE V—RURAL ADJUSTMENT CREDIT

"SEC. 60 The Secretary of Agriculture is authorized to make loans to encourage, assist, and provide a sounder system of credit in rural areas to ameliorate the effects of the agricultural recession and adverse agricultural situations caused by conditions beyond control of the farmers and stockmen.

"PURPOSES OF LOANS

"SEC. 61. Loans made under the provisions of this title shall be made for the purposes of—

"(1) refinancing, consolidating, renewing, or extending all or part of the existing debts of eligible farmers, stockmen, farm partnerships, grazing associations, and irrigation companies and to the owners of farm related small businesses in rural areas;

"(2) assisting eligible farmers and stockmen, with special emphasis on family-sized farms and smaller than family-sized farms, to acquire additional land if the acquisition of such additional land—

"(A) will improve the economic status of the farmer or stockman;

"(B) will aid in a planned program for preventing erosion;

"(C) is for the purpose of retiring land from its present use to a more suitable use;

"(D) will facilitate the improvement of farmland through soil or water conserving or drainage facilities, structures, or practices;

"(E) will facilitate the improvement of farmsoil fertility, establishment of improved permanent pasture, sustained yield afforestation or reforestation, or other erosion preventatives, and other similar or related measures; or

"(F) will fulfill any other agricultural purpose consistent with the overall purpose of this title;

"(3) financing or refinancing general farm operating and subsistence expenses; and

"(4) assisting eligible farmers and stockmen to purchase stock in irrigation companies or grazing associations.

"LIMITATIONS ON LOANS

"SEC. 62. Loans made directly by the Secretary under the provisions of this title, and loans made by private credit sources and insured under provisions of this title, which are secured only by chattel liens shall be repayable within the normal useful life of the chattels or within 15 years, whichever period of time is the shorter. In the case of an individual farmer or stockman no loan so secured shall be for an amount in excess of $50,000 and in the case of a grazing association or irrigation company no loan so secured shall be made for an amount in excess of $1,000,000. Loans made or insured under the provisions of this title and secured by real estate shall be repayable in not more than forty years and shall not be far an amount in excess of $50,000 in the case of an individual farmer or stockman, or more than $1,000,000 in the case of a grazing association or irrigation company. Direct or insured loans made to any farm partnership of two or more farmers or stockmen shall not exceed the total amount all such farmers and stockmen would be entitled to receive as individual farmers or stockmen under the provisions of this title. In the case of any farm related small business, no loan secured by a chattel lien only shall be made for an amount in excess of $250,000, and no loan secured by real estate shall be made for an amount in excess of $1,000,000. The rate of interest on direct or insured loans provided for under the provisions of this title shall not exceed 3 per centum per annum.

"PERSONS ELIGIBLE

"SEC. 63. (a) Loans made directly by the Secretary under the provisions of this title, and loans made by private credit sources and insured under the provisions of this title, shall be made only to established and capable beginning farmers, part-time farmers, stockmen, whether tenants or owners, farm partnerships, grazing associations, irrigation companies, and to owners of farm-related small businesses in rural areas—

"(1) who are unable to repay their existing indebtedness in accordance with present repayment schedules:

"(2) who are unable to secure financing through private or cooperative sources on terms and conditions which they could reasonably be expected to meet and the rejection of such credit was not due to the lack of repayment ability under normal conditions, or character or lack of managerial capacity of the applicant;

"(3) who are certified by the appropriate county committee in accordance with subsection (a) (3) of section 44 of this Act;

"(4) with respect to whom the appropriate county committee certifies and the Secretary finds there is a reasonable expectation that, with the assistance provided hereunder and the other resources available to such applicants, they will be able to repay the loans and continue their farming or ranching operations or their business operations; and

"(5) who have total principal indebtedness not in excess of the normal market value of their farms or ranches or businesses and the market value of their chattels, which have security value, less the outstanding balance of any liens not refinanced hereunder.

"PROVISIONS WITH RESPECT TO INSURED LOANS

"SEC. 64. To effectuate the program provided for in this title the Secretary is authorized to make commitments to insure loans made by private credit sources to eligible farmers, stockmen, farm partnerships, grazing associations, irrigation companies, and farm-related small businesses in rural areas. To qualify for such insurance, loans shall be made upon such terms and conditions not inconsistent with the provisions of this title, as may be prescribed by the Secretary.

"SEC. 65. Any loan insured under the provisions of this title shall be an obligation guaranteed by the United States as to principal and interest and incontestable, except for fraud or misrepresentation of which the holder has actual knowledge.

"SEC. 66. The aggregate amount of principal obligations on loans insured under the provisions of this title shall not exceed $300,000,000 in any one fiscal year.

"SEC. 67. (a) The Secretary shall require that all loans insured under the provisions of this title shall be administered and serviced by him.

"(b) Any loan insured under the provisions of this title shall be made subject to the right of the Secretary to purchase such loan, whether or not in default, on such terms and conditions as he may prescribe.

"(c) The Secretary is authorized to purchase loans, which could have been made under the provisions of this title, from banks, or other credit institutions in areas where the Secretary determines that additional funds and terms of loans are necessary to improve rural credit sources, such loans to be referred to the Farmers Home Administration by the credit institutions within the designated area. The amount advanced against such loan shall not exceed the value of the security as determined by the representative of the Secretary and shall not exceed the maximum amounts set out in this title. Loans obtained directly from the bank or credit institution can upon request by the borrower be renewed, extended or amended in line with the terms established in this title.

"GENERAL PROVISIONS

"SEC. 68. The Secretary shall require loans to be repaid as provided in subsection (c) of section 44 of this Act if he determines that the borrower is able to obtain a loan from a production credit association Federal land bank, or other responsible cooperative or private credit source at rates and terms which the borrower can reasonably be expected to meet.

"SEC. 69. For the purpose of carrying out the provisions of this title, the Secretary shall utilize the insurance fund established by section 11 of this Act. Notes and security acquired by the Secretary for loans insured under this title shall become a part of such fund. The notes may be held in the fund and collected according to their terms, or may be sold and, if necessary, reinsured. All proceeds from such collections, including the liquidation of security, and sales of notes shall become a part of such fund.

"SEC. 70. The provisions of section 51 of this Act shall be applicable to this title, and the Secretary may utilize the insurance fund for the payment of taxes, insurance, prior liens, foreclosure expenses, and any other expenses incident to action taken by the Secretary under such section. The provisions of subsections (b) and (c) of section 13 of title I of this Act shall be applicable to this title also.

"RULES AND REGULATIONS

"SEC. 71. The Secretary is authorized to make such rules and regulations and such delegations of authority as he may deem necessary to carry out the provisions of this title.

"APPROPRIATIONS

"SEC. 72. There are authorized to be appropriated to the Secretary such sums as the Congress may from time to time determine to be necessary to carry out the provisions of this title.

"TITLE VI—FAMILY FARM DEVELOPMENT ACT

"This title shall be known as the 'Family Farm Development Act of 1956'.

"FINDINGS AND POLICY

"SEC. 81. The low incomes, poor living standards, and insufficient economic opportunity for efficient employment of their full capacity of a large part of the rural population denies the Nation the benefit of greater productivity in agriculture and in local rural manufacturing and service industries, slows down national economic growth and reduces standards of living. The Congress recognizes that rural poverty and low rural productivity can and must be remedied in order to bring the Nation up to maximum strength and that through this example of strengthening democracy at home by providing additional opportunities to low-income rural groups, democracy in other parts of the world also will be strengthened. It is the policy of the Congress to provide practical assistance to low-income rural families who desire to increase their productivity, income, and standard of living.

"DETERMINATION OF LOW-INCOME COUNTIES

"SEC. 82. The President is authorized to determine from time to time, from the latest official statistics available to him, the counties or areas of the United States, not exceeding five hundred in number at any one time, having the largest low-income farm population and to inaugurate and maintain in such counties a program to effectuate the purposes and policy of this title.

"ELIGIBILITY

"SEC. 83. (a) The President through existing agencies of the Federal Government may render special assistance to low-income families or single persons living in rural areas who apply for such assistance if (1) the applicant is recommended by the appropriate county committee (established under section 8 (b) of the Soil Conservation and Domestic Allotment Act); and (2) such county committee finds that the applicant, with the assistance provided for herein, will develop a farm and home management or family employment plan for increasing his productivity and income that has a reasonable chance to succeed.

"(b) In exploring the most feasible and practicable methods for increasing his productivity and income the applicant, with the assistance of the appropriate county committee, will determine whether the cause of low income is due to physical handicaps of the family; the lack of available credit to make needed shifts in farming methods and employment of labor resources of the family; the practice of inefficient farming methods or practices; lack of practicable diversification in the farming operation; lack of sufficient land; lack of outside employment opportunities to fully utilize the labor of the family in ways that enable it to earn an adequate return at least equal to the established national minimum wage. To assist in the analysis of the needs and in developing the plans with families, the Secretary of Agriculture shall make available to the families and the county committees the services of the local and State offices of the agencies of the Department of Agriculture to provide the advice of technicians in such fields as soil conservation, and supervised agricultural credit for agricultural production and for farm enlargement and development. The advice and assistance of other Federal agencies shall be made available and the cooperation of State and local agencies, including the State agricultural extension services and the State employment services, and of private individuals and organizations also shall be solicited.

"DEVELOPING ECONOMICALLY ADEQUATE FULL-TIME AND PART-TIME FARMERS

"SEC. 84. In case of eligible applicants who wish to remain on the farm now occupied or to become established on another farm in the area, either on a full-time farming basis or in conjunction with off-farm employment of one or more members of the family, the Secretary of Agriculture is authorized and directed to provide the following services through the county committees:

"(a) Employ such full-time employees as may be required to carry on the purposes of this title.

"(b) Make a complete analysis of the farm and farm operations and supplemental employment opportunities to determine the most promising ways by which family income and productivity in combination with whatever off-farm employment may be planned can be raised to an adequate level. After completion of such a farm and home plan, the Secretary through the county committee shall render every assistance possible to the applicant and his family in putting the new program into effect, including technical assistance on improved farm and home practices, and assistance in obtaining credit needed from private, cooperative, or governmental sources to put these practices into effect.

"(c) To effectuate the purpose of this title the Secretary of Agriculture is authorized, upon such conditions as he shall prescribe, to insure and make loans for periods not to exceed twenty-five years, and at a rate of interest not to exceed 3 per centum per annum for the purpose of financing the enlargement and development of owner-operated family-type farms by (1) the acquisition of additional land, (2) the establishment of improved pastures and sustained yield woodlots, (3) the construction of adequate farm buildings and structures (including drainage facilities, irrigation facilities, and other facilities for the use, conservation, and improvement of soil and water), and (4) such other related farm improvements as will increase the income-producing ability of the farm unit to a more nearly fully adequate family farm.

"(d) (1) To make or to insure three- to fifteen-year loans at a rate of interest not to exceed 3 per centum per annum advanced by production credit associations and by private lenders for non-real-estate capital investment purposes; (2) to make loans up to fifty years at a rate of interest not to exceed 3 per centum per annum to eligible applicants to acquire and manage on a sustained-yield basis additional forest or cut-over land; (3) to make loans for periods up to ten years at a rate of interest not to exceed 4 per centum per annum to enable an eligible applicant to acquire needed logging equipment; (4) to make loans of not more than five years at a rate of interest not to exceed 4 per centum per annum to eligible applicants to purchase capital stock of and pay membership fees to existing or new supply, service or marketing cooperatives including timber marketing and processing cooperatives; and (4) to make loans to refinance existing indebtedness incurred for any of the above purposes on terms and conditions applicable to loans for such purposes: *Provided*, That creditors will enter into voluntary agreements to make needed adjustments of outstanding indebtedness to realistic income possibilities of the collateral for the existing mortgage or mortgages: *Provided further*, That the Secretary of Agriculture shall establish a variable repayment schedule for all of the foregoing types of loans such that the repayment of interest and principal in any single year shall bear a reasonable relationship to the income of the participating family in that year.

"PART- AND FULL-TIME OFF-FARM EMPLOYMENT

"SEC. 85. Whenever the family determines to seek part-time or full-time farm or non-farm employment off the farm, the problem shall be presented to the nearest farm labor placement center of the State employment service cooperating with the Department of Labor. Information concerning farm labor opportunities also shall be made available to the family by the State and county committees.

"VOCATIONAL EDUCATION

"SEC. 86. The Secretary of Health, Education, and Welfare is authorized to provide a program of adult vocational training in the designated counties both in farm and home management and in such other farm and nonfarm activities as the family plans of eligible applicants indicated as needed to maximize family income and productivity of family labor within the area.

"INDUSTRIAL DISPERSION

"SEC. 87. To provide for the national defense, to promote interstate commerce, and to improve the general welfare by assisting in the sound economic growth and development of the country, it is the policy of the Congress to encourage and stimulate the establishment of new or expanded private industrial, commercial, or service enterprises in widely dispersed rural areas as required to reduce vulnerability to modern war risks and in which, over an extended period of time, because of the number of underemployed rural persons with excessively low incomes, the number of existing industrial, commercial, or service enterprises, and the available markets and resources there are reasonable prospects for successful operation of additional private enterprises which would more fully utilize available manpower in rural areas. To effectuate this policy of industry dispersal, the departments and establishments in the executive branch of the Government shall be utilized and coordinated to—

(a) provide technical aid and assistance to, and consult and cooperate with, farmers, businessmen, workers, cooperatives, civic organizations, clubs, and committees, community study and planning groups, and local and State governmental agencies;

"(b) prepare and distribute technical, defense, and economic information on opportunities in and necessities of private enterprise in various industries and areas in order to aid individuals, business firms, civic organizations, and local units of Government in development new or expanded industries best suited in local conditions; and the requirement of civil defense;

"(c) assist new or expanding industries in finding adequate private financing through local capital or otherwise and where such financing is found to be unavailable, extend Government loans or guaranties under existing authority; and

"(d) use all appropriate means and authority to encourage and stimulate the maximum expansion in private employment and private enterprises

consistent with the needs for national defense, with a sound, growing national economy, and with the necessities of civilian defense.

"APPROPRIATION

"SEC. 88. There are hereby authorized to be appropriated such sums as may be necessary for carrying out the provisions of this title."

SEC. 8. (a) No provision contained in this Act or in any of the following acts shall be construed as authorizing the Secretary of Agriculture to make charges against either the borrower or lender for the insuring or servicing of loans insured by the Secretary under the provisions of such Acts: (1) The Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1001); (2) the Act of August 28, 1937, as amended (16 U. S. C. 590r); (3) the Act of April 6, 1949, as amended (12 U. S. C. 1148a–1) and the Act entitled "An Act to provide emergency credit", approved August 31, 1954, as amended (68 Stat. 999). Any expenses incurred for the insuring and servicing of such loans shall be borne by the Secretary.

(b) The provisions of this section shall not apply to any such charges accrued prior to the date of enactment of this section.

DEBT ADJUSTMENT

SEC. 9. The Secretary shall arrange to assist borrowers under any of the provisions of this Act in the voluntary adjustment of their existing indebtedness with creditors directly in competition with State, territorial and local agencies and committees engaged in such debt adjustment.

VARIABLE REPAYMENT

SEC. 10. The Secretary is authorized and directed to establish, with respect to all loans authorized by this Act, variable repayment plans with payments adjusted, without regard to previous excess payments to the net earnings and ability of the borrower to pay from year to year.

[S. 3850, 84th Cong., 2d sess.]

A BILL To provide financial assistance for the rehabilitation of orchards destroyed or damaged by natural disaster

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized to make emergency loans to eligible orchard operators and owners in the area declared by the Secretary in December 1955 to be a production disaster area because of unseasonable freeze, and in any area hereafter declared to be a production disaster area by the Secretary because of freeze, drought, hurricane, disease, or other natural causes.

(b) Any orchard operator or owner in any such area shall be eligible for assistance under the provisions of this Act if the Secretary finds—

(1) he has suffered, as the result of any such disaster, substantial financial losses;

(2) he is in need of financial assistance which he cannot obtain from private credit sources on such terms and conditions as he could reasonably be expected to meet; and

(3) that he has a reasonably good chance of repaying it.

SEC. 2 (a) Any loan made under the provisions of this Act shall be made—

(1) for an amount not to exceed $25,000;

(2) for a period not to exceed 15 years;

(3) at a rate of interest not to exceed 2½ per centum per annum; and

(4) under such other terms and conditions as the Secretary shall prescribe.

(b) The Secretary may delay the initial annual repayment of any such loan for a period of not more than six crop years from the date of the loan in any case in which he determines that the borrower's income will be insufficient to make the initial payment at an earlier date, but this provision shall not have the effect of extending the maximum term of any loan.

(c) The Secretary is authorized and directed to establish, with respect to all loans authorized under the provisions of this Act, variable repayment plans with payments adjusted, without regard to previous excess payments, to the net earnings and ability of the borrower to pay from year to year.

SEC. 3 The Secretary is authorized to assume not to exceed 50 per centum of the cost incurred by any person eligible for a loan under this Act in clearing orchard land of any trees rendered commercially unproductive or destroyed as the result of any disaster referred to in the first section of this Act, and in the initial replanting or redevelopment of such land.

SEC. 4. (a) The Secretary is authorized and directed to utilize the facilities of the Farmers' Home Administration for the purpose of administering the provisions of this Act.

(b) The Secretary is authorized to make such rules and regulations and such delegations of authority as he may deem necessary to carry out the provisions of this Act.

SEC. 5. There are authorized to be appropriated to the Secretary such sums as may be necessary to carry out the purposes of this Act.

Senator HOLLAND. The situation with reference to reports from the United States Department of Agriculture is different on the various bills. The two bills, S. 3790 and S. 3850 have not as yet been reported on by the Department. Reports have been received from the committee on all of the other bills and I have asked that there be placed in the record all these bills and the reports of the Department of Agriculture on each of them which has been reported upon.

I understand that Senator Stennis is here to be heard on one or more of these measures and we will take his testimony first.

Senator Stennis.

STATEMENT OF HON. JOHN C. STENNIS, A UNITED STATES SENATOR FROM THE STATE OF MISSISSIPPI

Senator STENNIS. Mr. Chairman, the bills that I am interested in have to do with farm credit, especially for farm dwellings.

There are two bills involved, S. 2961 which I introduced in the first part of the session, and the second one is S. 3429 which Senator Aiken and I introduced a little later in the session. They both have the same object, pertain to the same type of loans, and they pertain to loans for farmers for the construction of homes and other farm facilities.

Let me say, Mr. Chairman, that I appreciate the opportunity to appear before this committee in support of my bill, S. 2961, and S. 3429, which I cosponsored with Senator Aiken. There is a pressing need for loans to farmers for construction of homes and other farm facilities, and I am indeed glad that your committee recognizes the need for this type of legislation and has called these bills up for consideration.

S. 2961 would authorize owners of farms the operators of which engage primarily in farming or historically resided on a farm to make loans for the purpose of construction, improvement, alteration, repair or replacement of farm dwellings and other farm buildings necessary for successful operation of their farms. Security for such loans could be first, second, or other mortgages on farms, and the other terms and conditions on loans would be similar to those now applicable under title I of the Bankhead-Jones Act, as amended.

S. 3429 carries out the primary objective of my bill, and, in addition, provides for direct loans up to 100 percent of earning capacity for family-size farms. Loans would be authorized to owners of family-

size farms and to owners of units that are less than family size, for the purpose of construction, improvement, alteration, repair or replacement of farm dwellings and farm service buildings. S. 3429 meets most of the pressing farm needs and with the exception of "definition of eligibility" meets the primary objectives of my bill. S. 3429 covers only family-sized farms and less than family-size farms whose operators receive a substantial part of their income from the farm. My original bill covered all farms (the operators of which engage primarily in farming or historically resided on the farm) whose operators cannot secure the necessary credit from another source. There are many deserving farmers whose farms are larger than family-size who need new homes and home improvements, and I strongly feel this proposed legislation should be broadened to include the group of larger than family-size farms. I also feel that the authorization for insured loans should be increased from $100 million, as provided in present legislation, to at least $150 million to adequately carry out this program. The eligibility requirement is the very heart of this loan program under title I of the Bankhead-Jones Act, and I certainly urge the committee to broaden the definition to include farms larger than family-size. S. 3429 meets most pressing farm home needs and carries out the primary objective of my bill.

Mr. Chairman, since 1933 the Federal Government has furnished or guaranteed loans for $57.9 billion to build family housing units. Only $592 million, or 0.0107 percent, has been used to assist family living in rural areas. At the present time, there are no funds available for carrying out title V of the Housing Act, and only very limited authority under the Bankhead-Jones Act.

Farm credit is a national problem, and in many areas it has become most critical. For example, in Mississippi the last housing census of 1950 indicated that over 40 percent of the 200,000 farm homes in Mississippi had such serious defects that they did not provide adequate shelter or protection. The survey showed that these homes needed to be either completely replaced or extensively repaired. This means that 2 farms out of every 5 had housing of a type below that generally accepted as a minimum standard of housing. Eighty-five percent of the farm homes in Mississippi did not have piped, running water. Also important is the fact that one-third of the farm homes were built before 1920, and less than 10 percent after 1944.

These facts seem to give ample evidence of the need for improvement in rural homes in Mississippi. The major obstacle to such improvement is the lack of available credit for farm families to either build, enlarge, or renovate their homes. For the years 1950 through 1954, title V of the Housing Act met some of the needs for farm home loans to a small degree. Under this authority the Mississippi Farmers Home Administration made 1,200 loans amounting to $5 million for the purpose of improving homes and other farm buildings. The last housing loans were made under this in fiscal year 1954, and since that time no funds have been appropriated for this purpose. The loans made in Mississippi under this program were made on a sound basis, and as of December 31, 1955, only 50 out of 988 borrowers were delinquent, and many of these accounts have been paid since December 31. In fact, it has not been necessary for the Farmers Home Administration to foreclose a single housing loan out of the 1,200 loans made,

and a single housing loan out of the 1,200 loans made, and a considerable number of these borrowers repaid in full far ahead of schedule. This indicates in itself the small risk involved in a program designed to assist farmers to build and repair their homes.

America is going through a transition period. Many of our small farmers are being rapidly liquidated. Our small farmers are moving away from the farm and going to town in search of a job. Many of them must have additional income beyond their farm production, but they do not necessarily have to leave the farm to obtain part-time work. With modern transportation they could continue living on the farm and growing a crop and at the same time hold a factory job in town. The entire family would be far better off, and, in addition, the community life, the community church, and all community projects would continue to have the support of the farmer and his family.

In the order of things, a new or remodeled home is a necessary part of the family life. The best investment we can make to better farm living conditions is to provide adequate loans which will improve farm living conditions. Many of our people can and should remain on the land even though more than one member of the family is working in town. This applies with special force to capable young farmers with little accumulated money or other resources who are finding it more and more difficult to meet the increase in capital investment required in farming in a period of drastic income decline. The lack of housing credit on terms which will meet the farm income situation means that most of these families are required to spend most of their production years in grossly inadequate homes. This period in most cases extends beyond the years of greatest family need, the years when children are in the home.

I visualize this legislation as having a threefold purpose. First, to provide adequate, long-range, sound loans for the construction and remodeling of family-size farm dwellings for families living on the land who make their principal income from the land upon which they live or land near thereto. Second, to provide the same type of loans for deserving farmers who have historically lived on the land even though their principal income may not be from agricultural pursuits and whose farms are slightly larger than the so-called family-type farm. Third, to provide the same type loans for dwellings for those of either of the above groups who are building their first home.

I believe we should make every possible effort to preserve the family-farm and our rural community life. It is one of the principal foundation stones of our patriotism, and at the same time the main spiritual reservoir of the Nation.

We need to encourage our young people to stay on the farm and to accomplish this we must have adequate housing facilities. Credit is a primary consideration in building and planning a better farm, and I urge this committee to approve this important legislation.

May I now, Mr. Chairman, very briefly hit the high points, cover the high points of my statement and also submit to questioning here? I can come back later to further be heard along with Senator Aiken if the subcommittee wishes. In fact, I would like very much for him to be here at the same time.

Senator HOLLAND. I think that it would be well to say at this time that reports have been received from the Department on both of these bills which, as you say, cover the same field and that the Department favors the enactment of S. 3429 and prefers that bill to S. 2961.

Senator STENNIS. Well, I thank you, Mr. Chairman.

This is not a departure. There is also precedent; there is also machinery. These are amendments to the Bankhead-Jones Act, as you know.

The purpose is to push forward a program on a little broader base and just how broad you make this authorization is the major question involved. I hope it will be possible to get around the table and discuss with the Administrator and his staff just how broad to make this legislation.

I find that in a great many of the rural communities in our area of the country, including parts of your State, the great migration away from the rural communities to the towns, is to take industrial jobs. I think that a great many of those instances represent one member of the family. It is getting so that for the industrial job it would be so much better for that family in the long run to continue staying right there on that farm as a family unit. The one person that has this job commutes. Sometimes it is the wife; sometimes it is the husband; sometimes the daughter; sometimes the son. But they do not have adequate financing to build the type home that they need and that they are entitled to under present living standards and conditions.

I believe this to be a sound program, launched into the future, would be a prime factor in stopping a lot of this migration and keeping the worthy members on the farm where they will continue to be a part of the community, be a part of the church life, the school life, and other phases of community life and community development.

Otherwise, they move away and the first thing you know they have sold that land and then when the pinch comes, adversity comes, there is nothing to go back to.

So, this is not trying to liberalize a program for someone to come in, get something out of the Government or anything of that kind. I want to keep it on a sound basis, but I want it to be more practical. You see, the administration has responded here favorably to this bill.

I think the major thing to be decided is just how far we are going in the definition of those eligible for loan.

Now, one bill says the family-size farm. That is the primary argument. But I think that does limit the language too much and draws too fine a definition because you know there are many very small and worthy farms where we have a tenant or two on the place. That would preclude them from being family-size farm, strictly speaking.

What does the chairman think about—after you hear the Administrator, Farmers' Home Administration—trying to get around the table and working out a definition?

Senator HOLLAND. That sounds like a reasonable approach. Frankly, I am unfamiliar with the details of the bill, but I know the general subject matter covered by it. I have read the report of the Department, and it suggests some changes but in general favors the bill. And I think that the approach which you suggest is a reasonable one.

Senator STENNIS. I think it is a more logical approach now to hear the Administrator and his staff and then try to discuss the applica-

tion of it to the various areas of the country later. I think I can make some contribution in how it would apply in my area, and I am sure you could in yours and the others in the West.

Senator HOLLAND. Well, thank you very much. You will be advised about the progress made.

Senator STENNIS. I will advise Senator Aiken and tell him your reaction here.

Senator HOLLAND. Fine.

Senator Allott is here to be heard on one or more of these measures. Senator Allott, you may proceed.

STATEMENT OF HON. GORDON ALLOTT, A UNITED STATES SENATOR FROM THE STATE OF COLORADO

Senator ALLOTT. Thank you, Mr. Chairman.

Mr. Chairman, I have a statement here and I feel that because of the numerous problems raised we would perhaps make better time by using the statement.

First of all, I would like to associate myself with the statement of Senator Stennis with respect to S. 3429, of which I am a cosponsor. I believe that the suggestions made by him I can completely endorse.

Before commencing my own statement, I have here, Mr. Chairman, a letter addressed to you which for convenience and because it was late was forwarded to me from the Colorado Farm Bureau of the American Farm Federation which I would like to ask to have included in the record concerning the general farm credit situation.

Senator HOLLAND. Without objection, that course will be followed.

Senator ALLOTT. I hope you will not take it amiss that that was directed through my office but it was from my people and they wanted to be sure it got here this morning.

Senator HOLLAND. Not at all. We will be very glad to have it that way.

Senator ALLOTT. The letter is dated May 14, 1956. It is addressed to the Honorable Spessard Holland, Chairman, Farm Credit Subcommittee, Senate Office Building, Washington, D. C.

It says:

> It is our understanding that your subcommittee will be considering new credit legislation shortly. We have tried to invoice credit needs of our area and the following four seem to be particularly essential:
>
> First, the consolidating of all the laws for agricultural credit into one law and under a single head in order that prospective borrowers might know where to go for their credit needs.
>
> Second, since hazards are higher in agriculture, particularly in the Great Plains region, than some other forms of business, and the ability to repay is more variable, the length of the credit needs to be over a longer period of years than has been provided in past legislation.
>
> Third, credit should be extended only to bona fide farmers or ranchers and those who apply for loans should have a reasonable chance to repay their loans.
>
> Fourth, a good many of our folks have had different degrees of crop failures along with restricted acreage the last few years and have not been able to meet all of their commitments, so there is very real need for refinancing. Most of these folks are solvent, but because of commitments made at a higher income level, they are unable to meet their payments.

This is signed by Arthur L. Andersen, president, Colorado Farm Bureau.

Senator HOLLAND. Do you wish your full statement incorporated in the record?

Senator ALLOTT. Yes. If you will, I would like to read it because it covers, I believe, the whole question of farm credit and it particularly goes into the things we are much concerned about.

Senator HOLLAND. Please proceed.

Senator ALLOTT. I appear here this morning in behalf of S. 3247, a bill to simplify, broaden and consolidate the authority of the Secretary of Agriculture with respect to making loans to farmers and stockmen in cases of disaster and severe production losses and to broaden his authority with respect to loans made under title 11 of the Bankhead-Jones Farm Tenant Act. This bill was introduced to the Senate on February 1, 1956, by Mr. Dirksen, Mr. Curtis, Mr. Case of South Dakota, Mr. Chavez, Mr. Beall, Mr. Bennett, Mr. Hruska, Mr. Bender, Mr. Aiken, Mr. Capehart, Mr. Goldwater, Mr. Ives, Mr. Flanders, Mr. Carlson, Mr. Martin of Pennsylvania, and myself.

The statements which I desire to offer in behalf of this bill this morning are limited, of necessity, to the region known generally as the Great Plains area. I do not purport to be acquainted with the agricultural credit situations all over the United States, even though I have received letters supporting this legislation from many States. However, I have lived my entire life in Colorado and for the last 26 years have lived in the great and fertile Arkansas Valley in southeastern Colorado. The situation about which I speak pertains to the following areas particularly: the New Mexico Panhandle, the Texas Panhandle, the Oklahoma Panhandle, western Kansas, western Nebraska, southwestern South Dakota and eastern Wyoming and part of Utah. This area is originally known as the Great Plains area and when I use that designation hereafter in this statement it will refer to the area just described.

It may be carrying coals to Newcastle to review a little of the farm situation but to one who has observed it and its effects upon farming and knows the results upon the farmer—it seems to me to be necessary to do so. During the early parts of the 1930's, particularly 1933, 1934, 1935, and 1936 I was present in that area of the United States which was known as the great Dust Bowl. The farmers in a great expansion had come into the Great Plains area and broken out millions of acres of land for wheat and small grains. Then the climatic cycle reversed and they found themselves literally farming dust. At the same time it must be realized that this great area which is also the wheatland of America is susceptible and capable of producing the greatest crops imaginable when climatic and moisture conditions are normal or correct.

In 1937 this cycle began to reverse itself and lands which had blown began to regain weed coverage and even to reassert grass throughout all of this area. By 1939 the war scare had started. The speculator and also the progressive farmer with his eye on the horizon for the anticipated demand for foods was again beginning to expand his acreage. For the period 1939 through 1950 this entire area had an abnormally good rainfall experience. During the war years and afterward when the demand and needs for feeds and food was high all over the world, it might well be said that our Creator favored us in this country with an abnormally good supply of moisture which enabled us to feed a good portion of the world with the wheat raised in this area.

Now it must be kept in mind that during the period of 1940 through 1946, the Government of this country was urging the farmer to get

out and increase his crop. It is true that there were speculators who came into this country and farmed and sometimes were known as suitcase farmers. But it is also just as true that a great many of the people who are there now were there in 1939 and 1940 and upon the prodding and urging of their own Government expanded their acreage in the production of wheat, a policy which is now deplored by a great many of our more conservative people. The continuance of this, of course, was heightened by the retention of the principle of high fixed parities up to and including the crop year for 1954.

Now all this is said not by way of creating a diversion or an argument with respect to farm policies but rather to demonstrate from one who has lived with farmers and with stockmen and with cattlemen, and who has borne their problems, both as a friend and as a legal counsel throughout these years, that the farmers, stockmen, and cattlemen of the Great Plains area have not placed themselves in this plight solely of their own initiative. The demands made upon him by the United States Government during World War II and later during the Korean war, and by way of high rigid supports, have placed him in a position from which he had no other recourse or choice. His investments in machinery and land increased with the demands of our Government for more food. Having asked our farmers to divert large amounts of land which had been grazing land and grassland into crop production, many of our citizens are prone to criticize the same farmer who responded so patriotically to this appeal particularly during World War II.

On February 19, 1954, one of the most devastating duststorms occurred over the Great Plains that has ever occurred in the history of that area. High winds of from 70 to 80 miles an hour scourged the country for a period of nearly 24 consecutive hours. A storm of this type, of course, is as much a catastrophe as a flood or a hurricane, or a tornado, because, regardless of crop practices, soil rotation, or any of the other known and approved methods of farm practice, it is impossible to hold land in these circumstances. Immediately after this storm I personally examined thousands of acres which were farmed in accordance with good conservation practices, including the leaving of natural coverage, strip farming, and other methods, and, without respect to the method employed, the fields were uniformly torn up and destroyed.

This was followed by a second storm on February 22, which, although not as severe, did great damage. At that time Governor Thornton of Colorado requested me as Lieutenant Governor to make a survey of the area, which I did. My recommendations were contained to him in a letter dated February 26, 1954, a copy of which was sent to Mr. Ross Rizley, then Assistant Secretary of Agriculture. Among the recommendations contained in that letter was a very strong recommendation for extended agricultural credit. At that time and at every opportunity between that time and this, I have talked with farmers, ranchers, and stockmen not only in Colorado but all over the Great Plains area. May I emphasize that at no time have I found a general desire by those people to engage in or receive some give-away or Government handout.

It is almost axiomatic in these times—and it flows as an indirect result of our demand that our bank accounts be insured through the Federal Deposit Insurance Corporation—that as soon as times get a

little hard the banker starts tightening up on his loans. Now the question poses itself directly to us: What are we as American citizens and as members of the United States Senate going to assume as our responsibility in this situation? We have placed these thousands of people in a situation where the Government not only asked but demanded larger production. They have done so, and now we have in a contracting farm economy left them there without adequate aid or assistance. It soon became apparent to me that the present FHA laws were inadequate and that they did not offer adequate assistance. After studying this matter for 2 years, and particularly studying the needs of the people involved and who need the credit, S. 3247 was finally drawn, in which so many of my able collegeaues were so kind as to join.

What are the prerequisites of good farm-credit legislation? Well, first of all, it must be certain and it must be sure. The farming population, like any other population, has a few low-output people at one end of the curve whom no one contends should be supported by the Federal Government. But the great and vast majority of all farmers and stockmen are sincere, conscientious people who ask only the opportunity to work, receive a fair price for their crops, and have a reasonable chance to finance themselves.

If financing is only on a spring to fall basis, it is not conducive to a good national economy. No one can foretell from the spring to the fall whether the farmer is going to have rain in the interim. In other words, a farmer's economy rests not upon his crops in a single year but rather upon the average of his crops and the average of his farm production over a period of years. He must, therefore, plan his own economy in the same way. If his banker is unwilling to do this, or if his banker—because of the laws under which he must operate his bank—is a person who reflects the first dark cloud appearing on the horizon, he has no place to which to go the secure credit. The farmer then lives under a constant state of anxiety and fear. So, the first thing and the first prerequisite for farm credit is that it must be certan and it must be sure. When the time comes that a banker can or will no longer carry him then he must have some agency to which to turn. This agency has been the Farm Home Administration and what are commonly known as FHA loans.

I shall not go into the long history of FHA loans, stemming from the Bankhead-Jones Act, but I will say a few things about it. FHA loans as they are now written constitute a hodgepodge of laws which have grown up like a crazy patchwork and are completely unsuited to the present situation. There are, I believe, six and possibly more general types of loans, and the practical results run like this: Farmer Jones comes in and asks to be financed by the FHA after having been turned down by his banker or loaning agency.

The FHA agent discusses it with him and tries to explain that part of the loan will have to be production and subsistence, part water facilities, part something else and tries to explain the regulations. Long before he has gotten this far he has left the farmer behind, and in many cases the agent, himself, is lost in the maze.

As a result, thousands and thousands of farmers have walked away from FHA offices convinced that they could not get loans. The methods of procuring them and the methods of handling them are so complicated and cumbersome that not only could the farmer not under-

stand it but, in many instances, FHA administrators did not understand it themselves. If what they have told me is true—and I believe it is—they are still lost in a maze of laws and interpretative regulations today.

In talking with a great number of FHA administrators last year, I became convinced that they were, in many instances, confused about the regulations. One of their great complaints today is that the laws are so complicated and the regulations interpreting those laws necessarily more complicated that no one actually knows at any given time whether they are completely within the law in making or refusing a loan.

That brings us to the second necessary qualification for Government financing of farmers. It must be simple and easy. I have later joined in a bill, S. 3429, seeking to amend the Bankhead-Jones Farm Tenant Act. It will be some improvement upon the present laws, but it does not attack the fundamental situation—the fundamental problem of simplifying these laws.

To be of real assistance to the farmer, to give him real relief, to remove the fear and anxiety that come from complication, and numerous trips to the FHA offices, S. 3247 should be adopted. It simplifies the entire loan procedures and this, I may say, is a necessity as expressed to me privately time and time again by members of the Department of Agriculture, by State administrators of FHA, by local directors of FHA all over the plains country and also by the administrators of FHA at the local level.

The next necessity for farm credit, it seems to me, should be that the overall provisions should be more practical. If we take the position that Government credit must be controlled by the same business principles as private credit, then we are defeating the purpose of Government credit. Our first qualification for an FHA applicant is that he must be unable to get credit at his bank or through the ordinary sources of lending. That means that, of course, he has already reached the place that eliminates the use of banker's standards to make loans. I have already touched upon the fact that the length of time should be expanded. The present 7-year limitation finds many of our farmers who have been in drouth-stricken areas for the last 5 years in a situation where they will shortly be precluded from obtaining further extensions or renewals of FHA loans. Yet, during the 1930's and during the existence of the Regional Agricultural Credit Corporation, in spite of the great leniency with which such loans were made, they were paid back 95 percent to the Government. These loans that are now made will be paid back the same way.

Credit must be made easier with respect to the amount. Fifteen years ago $1,200 would buy a good tractor. Today it will cost four times that amount. Everything else which farmers need has gone up in proportion, and, consequently, the legal limitations which have been placed on loans in the past are no longer applicable.

Now, what does the S. 3247 do with respect to some of these matters?

First, the bill refers only to loans made under title II of the Bankhead-Jones Act and does not affect title I of that act dealing with real estate loans.

Two, title I of S. 3247 deals with emergency loans and title II of it is devoted to refinancing and general farm loans. The first section of the bill deals with emergency loans and provides that the Secretary

may designate emergency areas pursuant to subsection B for any agricultural purposes, including the purchase of livestock, feed, fertilizer, farm equipment, supplies and other farm needs and for refinancing of existing indebtedness and family subsistance. A Presidential declaration would no longer be required.

The Secretary may designate any such area as an emergency if he finds that there is a general need for agricluture credit which cannot be met for temporary periods of time and that the need for such credit is the result of natural disaster of severe production losses.

The act then goes on to provide for loans in the emergency category, at a rate of interest not to exceed 3 percent. It further retains the provisions of the old law that if loans are made to corporations or other business organizations that it must be the personal obligation of each person holding as much as 10 percent of the stock or other interest in the corporation or organization. It contains the agreement of the old act that when it appears that the borrower may borrow or secure from existing sources that he must liquidate the loan and do so.

It provides that the Secretary may utilize the personnel, facilities, property, and funds of the Commodity Credit Corporation for carrying on these purposes and to use the revolving fund created by section 84 of the Farm Credit Act of 1933.

Title II of the act simply authorizes the Secretary to make and insure loans to farmers and stockmen who are citizens of the United States for any agricultural purposes and specifies certain purposes without limiting them under the general powers. It sets the maximum amount at $21,000. I might say that I have had some correspondence indicating this is too small an amount. It also provides that in case of additional loans, the total loans shall not be in excess of $30,000. There is some thought that this is too small, and numerous letters indicate that this amount might properly be raised.

The time for making any loan, including renewal or extension, shall not exceed 15 years. It also provides for the voluntary adjustment of indebtedness between the farmer and his creditors.

At this time, Mr. Chairman, I wish to address myself specifically to the recommendations of the Department of Agriculture as enumerated in a letter dated April 23, 1956, to the chairman of this committee. In that letter, the Department says:

> The Department favors the objectives of having its emergency lending authorities consolidated into one law which would be accomplished by sections 3 and 5 through 9 of S. 3247.

The Department goes on not to recommend title II of the bill.

It would be satisfactory with me to accept an amendment to the act in accordance with the indented paragraph of page 2 of the Department's letter by adding a section 3 (a) (4) on page 3 after line 11, except that the limitations contained therein should be modified to be $21,000 and $30,000, respectively.

At the time this is written, I have hopes that Mr. James B. McKeever, a banker at Holly, Colo., will be here to present his views on certain phases of this credit legislation. The numerous factors which have contributed to the increase in the size of farms, include—

The lowering of farm prices;

The increase in the costs of farmers' goods, particularly as evidenced by labor costs, tractors, harrows, plows, and so forth;

The constantly increasing determination under rigid parity that part of the land shall lay idle under our allotment system—all of these tend to make the farmers' operation a larger one and its cost far greater.

The limitations placed on this in the letter from the Department of Agriculture are unrealistic. The offered amendment would be satisfactory with me if the figures were amended to $21,000 and $30,000.

If, as suggested in the third paragraph of page 2 of the Department's letter, there is a question of whether feed and seed assistance might not be available, it is suggested that an amendment as follows might be added to section 4 (d):

The benefits and provisions pertaining to major disaster areas under Public Law 875 of the 81st Congress and under section 407 of the Agricultural Act of 1949 as amended by section 301 of Public Law 480, 83d Congress (7 U. S. C. 1427) shall be applicable to all farmers and stockmen in areas designated by the Secretary under section 2 hereof.

With respect to the suggestions contained in the last paragraph of page 2 of the Department's letter, the amendment set forth in the last page of the letter would be acceptable to me.

Although the Department has refused to approve, generally, the provisions of title II, the brevity of it is, in fact, the reason for its existence. In actual experience, I have had many FHA administrators at the county level say to me in substance, "Senator, for Heaven's sake do what you can to get FHA loan regulations simplified and to get the law simplified so that we know what we are doing!"

This is not an overstatement, and it is borne out in actual practice by many letters indicating that in many instances neither the proposed borrower not proposed lender, including some of its top officials, were clear as to the precise and exact meaning of the complex patchwork of Federal laws and regulations relating to farm loans.

While S. 3429 by Mr. Aiken improves the general situation, it does not strike at the one fundamental difficulty in farm credit, namely: that of making farm credit simple, understandable and workable. It would, therefore, be far better if the desirable portions of the S. 3429 were incorporated as title II of S. 3247, keeping the entire farm credit in one simple bill, than it would be to amend piecemeal the Bankhead-Jones Farm Tenant Act further, giving rise to new supplemental regulations resulting in new supplemental confusion.

Mr. Chairman, only the great divergence of views with respect to the Agricultural Act, and the long debate had upon it in any way justify the long delay of action in this important field. Generally, throughout the United States, the price of farm commodities is the No. 1 problem of farmers, but in the Great Plains area for 5 successive years it has been a lack of crops themselves. The increasing need for an expanded, simplified farm credit is an obligation which, in my opinion, the Department of Agriculture and this Congress can no longer ignore. Next to the foregoing it is the most important to our farm folk. To patch the law further may do some good, but to rewrite the pertinent provision in a simplified way is the primary task and challenge of the Congress. No farm credit act will provide the assurance needed for our agricultural economy unless it is simplified enough to be understood by the farmer himself and the people who are expected to administer it.

For that reason, I respectfully suggest to this committee the reporting of S. 3247 with the amendments suggested herein.

To review briefly, the first part of my statement is concerned broadly with the area about which I am speaking, the Great Plains area. It is the area with which I am acquainted. It is the area in which I have spent my entire life and particularly the last 27 years as a practicing lawyer I have been involved in these people's problems.

I have gone considerably into the background of what was known as the Dust Bowl, how the farmers came out in 1930 and opened up that land, overfarmed it, and then there was a climatical shift back and how, during the 1930's, all of that area suffered very greatly from the drought.

Now, in 1940, the demand of the Government for food products increased and I have gone into considerable detail to show how the suggestions which, the conditions which have existed there the last few years are not the result entirely of a few people's avaricious desire to make money but rather it is essentially the result of the demand of the Government for food.

In other words, I want to get the cat off of the back of our legitimate, good, substantial farm people there who have been there for years and years and who, if they have overproduced, have done it by way of a demand from their Government for this, these extra products and food products and, second, of all because of a continued demand created by high parities and, third, perhaps by the great increase in the cost of farmers' goods. And when I say "farmers' goods" I mean the goods that they have to buy.

Now, these things I don't go into detail with because I know the distinguished Senator from Florida, Senator Holland, has been on the floor during every moment during the farm debate and his long experience in this field is so great that I don't have to go into detail to explain this situation.

Now, as a result of that, and through the year 1950, our farmers were producing on a maximum of wheat acreage. These things I might say, Mr. Chairman, have created situations like this. I can remember one particular tract which I could have bought for not to exceed a dollar an acre in the middle thirties and which personally I drew a contract for in 1950 at $60 an acre. So it shows the fantastic differences that come and this same country out there can produce fantastic crops dependent only upon the climatic condition.

Now, in 1950, we started having a general fall in some farm crops.

As you know, in the Great Plains area we also started having a drought. The people of eastern Colorado for the most part have not had crops for 5 years.

Now, these people, as I say, are not speculators. There are speculators or what we call suitcase farmers among them. But by far the great majority of these people are literally the salt of the earth. They have been there a long time. They are the type of people that we consider the backbone of America and they are not engaged in a speculative enterprise any more than any farmer that deals with the vagaries of the winds and the weather is a speculator.

Now in February of 1954 there was a severe storm in Colorado—2 of them—1 on the 19th and 1 on the 22d. As a result of those two storms, both of which contained high sustained winds of 75 to 85

miles per hour for a period of 24 hours, that country was torn up. It was torn up without respect to whether good conservation practices had been observed or not.

I personally inspected thousands and thousands of acres during that spring and regardless of whether the land had been strip-farmed or left to accumulate weeds as a coverage, or whether the crop had been plowed back in to hold it—regardless how it was farmed, these storms did their damage. As a matter of fact, some of the fields which were most damaged were farms that had been farmed in accordance with good soil conservation practice.

This cannot be attributed to the farmer.

With that in mind, I wrote a letter to the governor and a copy of that was sent to Mr. Ross Rizley, then the Assistant Secretary of Agriculture, recommending among several other things, and recommending strongly an expanded and simplified credit for the farmers of our country.

One of my first acts in coming to the Senate in January of 1955 was to commence study for the preparation of a credit bill which was introduced last year as S. 1912. That act does, I think, what a lot of other acts since have done, which is to try to cure one or more phases of the agricultural problem.

S. 3247, which I have introduced this year, and in which the Senators shown were very kind in joining, is designed to do an entirely different type of thing.

In speaking with the members of the Agriculture Department, charged with the farm credit of this country, and in speaking with, I would say conservatively, thousands of farmers last year alone, not to consider that many in the year 1954, and also many this year so far, as well as the numerous letters I have had, I have found that certain things are essential and those have been incorporated in my statement.

The essential purpose and the difference of S. 3247 from most of these other bills is that S. 3247 attempts to do what no other bill has attempted to do to date, and that is to simplify the whole farm procedure for farm credit.

I have with me today Mr. James B. McKeever, a young man with whom I was associated in the Army, whom I have known for 25 years, whose father I have known for longer than that, and who is vice president of two national banks in this Great Plains area, one at Holly, Colo., and one at Granada, Colo. He has a short statement which he would like to file here this morning. But more than that, I would be happy and he would be happy to submit to questions concerning the need for simplification and the need for an expanded farm credit.

Now, in drawing this bill——

Senator THYE. Now, I wonder if the Senator would object to a question at this point.

Senator ALLOTT. Not at all, sir.

Senator THYE. You say, simplification. I will not be able to remain for any of the other witnesses and for that reason I would like you to explain now the question of simplifying this farm credit legislation. How should it be done?

Senator ALLOTT. As the Senator knows, title II of the Bankhead-Jones Act deals with the operating type of loan. This particular bill,

does not refer to real estate loans at all, Senator Thye. It is designed to refer and apply only to personal loans. We have not only emergency loans and several types of emergency loans but we also have under the Farm Home Administration, and I believe I have in my files with me at least 4 or 5 different types of folders representing I believe altogether 6 different types of loans available in FHA.

Now, here is what happens. The average farmer after having been told by his banker that his banker cannot finance him any longer, comes into the FHA offices. He tells the FHA Administrator his troubles. The FHA Administrator pulls out 4, 5, 6 or 7 of these folders and after talking he says, well, I believe we can perhaps do part of this under this title, or this section of it. We can perhaps finance you part way under this section. We can perhaps finance you part way under another section. And each one of those has regulations interpreting them. And here, for example, Mr. Elliott has just handed me 4 different types of these folders. I have found, and I state this flatly and unequivocally, in speaking with FHA administrators and directors, and I have talked with perhaps 60 or 70 of them in the last year, I find that the 1 thing they say is that the regulations and the laws concerning the granting of personal loans to farmers are so complicated that they do not know what they are doing and they cannot tell whether they are legally authorized to grant a loan or not in many instances.

What this bill does, Senator Thye, is to divide itself into two titles, the first of which is concerned only with emergency loans. That is, under the Emergency Act, except that instead of having the President declare an area emergency under certain circumstances, and the Secretary of Agriculture under others, the Secretary would do so in all cases.

The second part of this simply reduces all of these things to 1 brief law which 1 set of regulations could support.

If it were adopted, there is no reason why, when a farmer came in, he could not find out from the Administrator within 5 minutes whether he would be eligible for a loan.

Mr. McKeever will testify to a sight that he has seen, and I have had numerous letters about it, where the loans were so slow and the methods of granting them so slow and the demand so great in this period of drought, and low prices, that there were lines forming, actually waiting there for hours, even to get into the Administrator's office.

I can testify personally of one loan I know of which was a good loan by any banker's standards, perhaps; this man had only $8,000 against his farm which was worth perhaps double that. He could get no further credit from his banks.

He made an application with FHA and had been deferred for a period of 3 months even to get a decision on his loan. In dealing with this problem, and in talking with the farmer, in talking with the rancher, the FHA Administrator, his assistants, and in meeting with the county committees this is the one thing they have come back at me with again and again and said in substance, Senator, for heaven's sake do anything you can to simplify these things so that we know what we are doing and where we are going.

So, title II of S. 3249 is designed to put all other farm credit based upon security of personal property into one simple act and to do away

with this multitudinous patchwork of laws that we have built up in the past few years.

Now, in doing that, I have changed no principles in the act that Congress has established over the years. As far as humanly possible, we have taken the old principles. For example, the definition of family farms has not changed. The principles have merely been reincorporated into one simple act.

Does that answer your question, sir?

Senator THYE. I think it does, yes. However, I think the Administrator might want to give further information as to what he would interpret the administrative problems to be under any of these bills that are before the committee.

I just wanted the record to reflect a more complete explanation of the whole question.

I had not heard all of your statement, but as I read your statement I see that it expresses the objectives you seek.

Senator ALLOTT. I might say that they have differed. They favor the objective in their letter of doing what I am trying to do. They have offered certain criticisms of it which I am prepared to discuss with them and I certainly want an opportunity to talk with them about it when the proper time comes.

Senator THYE. Mr. Chairman, I wholeheartedly agree with the distinguished Senator. We want to have an act simple enough so that it can be readily interpreted by the Administrator as well as the county committee that must work with the applicant in connection with granting him a loan. Farm credit is one of the necessities because the local bank oftentimes is confronted with an inability to extend credit to farmers due to the restrictions of State banking laws as well as of the national banking laws. There is a limitation as to what a banker can do in financing an emergency situation.

I well recall in the late twenties, and in the early thirties, when the local banks, many of them, were going to the wall because they had been too generous with their farm credit. It was the wisdom of the Congress that funds be made available and there was established the Commissioner's loan which was used to supplement Federal land bank loans. These loans became the second mortgage oftentimes, and in some instances they were the primary loans where conditions were such that the land bank could not accept the application as it did not qualify under a bank loan. It was that type of credit that saved hundreds of thousands of farms in the Midwest. I was personally acquainted with the situation, and I know that these loans carried farmers through the depression and the drought era into a more prosperous agricultural era. They not only were able to pay off the loans but their farms came back into their normal true values and could easily be sold and thereby they could liquidate any obligations against the land.

From that time on, I have endeavored to make certain that farm credit was such that it met the needs.

Now, in your particular bill that is before us, as well as the other bills that have been introduced, effort is being made to strengthen our farm credit system, as well as to clarify its administration. I think this session of Congress should enact either your bill or one of the bills that are before us because the farm credit needs to be simplified. They are not all Philadelphia lawyers that serve on the

county committees and they need not be. Yet it requires a Philadelphia lawyer to interpret the intent of Congress in some of the provisions and regulations based on the law.

Thank you, Mr. Chairman.

Thank you, Senator Allott.

Senator ALLOTT. I want to make these two points clear. I have in my hands a fly sheet from the Farm Home Administration, production and subsistence loan, farm ownership loans and, of course, this particular bill is not concerned with farm ownership loans. Soil and water conservation loans, emergency loans, special livestock loans; general information. Here is one on operating loans. There is also a special livestock loan. There may be others. I am not sure of them, but I have found this so complicated that in asking FHA Administrators, and I have asked this question as a sample question of numerous administrators, at 1 time there were only 6 types of loans. There may be more or less now. But at that time I went around and asked numerous administrators to name me their types of loans and I didn't find 1 administrator out of 20—I say administrators—and their employees—who could name off the 6 types of loans which were then available at that time to farmers.

Then the second point I should make which, and I want to make this very clear, is this: This problem is not something which is attributable to either of the parties. I think this grew up in a genuine and sincere attempt to help the farmer but, like Topsy, it has just grown and perhaps we should put Topsy in good clothes and wash her up and clean her up at this time.

Senator THYE. Occasionally, the laws of your State or of our Nation must be recodified and I think that there is possibly a need to recodify farm credit law and make it more understandable. Every time that a bill comes up, and has been up before us, dealing with this subject, somebody offers an amendment—and many are worthy amendments—but they just become an addition to the already complex law.

Senator ALLOTT. That is exactly what has happened in this case.

Senator THYE. That is the reason why you have these sections that pertain to certain types of loans.

When I say "recodification" of course we have an attorney at this table that probably would not agree with the use of that word "recodification" to this type of legislation, but it has grown up over the years by various types of amendments.

Senator ALLOTT. Mr. Chairman, that is all I have to offer at this time and I appreciate very much your courtesy and also that of Senator Thye.

Senator HOLLAND. Thank you very much. We were glad to have you.

(The statement referred to follows:)

STATEMENT FILED BY J. B. MCKEEVER, VICE PRESIDENT, FIRST NATIONAL BANK OF HOLLY, COLO., AND AMERICAN STATE BANK, GRANADA, COLO.

I am J. B. McKeever, vice president of two banks located in Holly and Granada, Colo. Further, I serve as the president of the Southeastern Colorado Power Association which has electric lines spread over 13 counties comprising about 28 townships in southeastern Colorado. I have been involved with the farmers' problems of financing since 1933. At present, I own 280 acres of land and I act as an agent for several thousand acres of farming land.

At present, the farmer of our area is in financial distress due to crop failures, and he has been unable to secure adequate financing to continue economical farm-

ing operations. Our farmer cannot secure loans on personal property from lending agencies who are required by law and regulation to keep their assets absolutely liquid to meet the demands of the depositors. As an average, country lending agencies do not have the capital structure to finance loans in excess of $10,000 to $15,000 per individual borrower on agriculture loans.

Due to changes of the mechanization in agriculture, the young, stable family-type farmer cannot enter into a farming program unless he secures long-term financing from Government lending agencies.

One can study the average age of farmers today and discover that there is a definite lack of young family-farmer ages. In other words, the young people are not staying on the farms because they lack the opportunity to be adequately financed. The young farmer boy and girl are going away from the farm instead of staying in the farming business. The general desirability of encouraging young people to stay on farms is too well recognized to need further discussion.

At this time, the farmer is unable to secure financing from the Government lending agencies due to the present conglomeration of redtape and of loan types. It is imperative that the present Government lending agency loans be streamlined to the utmost. The present law and supervisory regulations are extremely discouraging to any individual who comes in contact with the situation. The farmers have expressed to me that they grow old by the time funds are received.

Most farmers do not know what is available to them in the way of Federal financing and it is most difficult for them to find out. Our farmers generally live many miles from the FHA office, and some must travel 100 to 200 miles over country roads. The FHA office is open for applications of new credit 1 day per 5-day week. The other days are used to make inspections, process, and complete previous loan applications. Under the present set of laws and regulations, the FHA official cannot immediately determine how and under what loan conditions the requested credit is to be loaned. It takes several hours to complete the present application forms. The farmer usually spends 1 day in applying for a loan, 1 day in presenting himself to the county lending committee, 1 day for FHA to inspect offered collateral, 1 day in signing the papers, and 1 day in starting the disbursement of the funds.

Now at least one week seems to elapse between each of these outlined steps. Mail, transportation, clerical help, the 5-day workweek and the complexity of the laws, regulations, and forms, seem to be the factors slowing the processing of these loans with emphasis on the complexity of the forms.

Actual experience indicates that loans cannot be processed and funds delivered for use within less than a month to 6 weeks under the present operation. Often the time is much longer. In any revision of the existing laws it is my belief that loans to farmers and stockmen should not exceed a maximum of $25,000 for the original loan, and in the event that further financing is deemed to be needed the total amount should not exceed $35,000. The total term of all loans granted should not exceed 15 years from the date the original loan was made.

I am in favor of S. 3247, proposed by Senator Allott and others, because it is the only bill I have seen which goes to the root of the main problem: making loans simple, accessible, and speedily obtainable in the area Congress has designated for farm loans.

Thank you.

Senator Holland. We next have a statement for the record by Senator Chavez which he has asked to have incorporated in the record as though read, along with five letters which he has asked authority to include, all of which will appear in the record.

(The statement and letters are as follows:)

United States Senate,
Committee on Public Works,
May 17, 1956.

Hon. Spessard Holland,
United States, Senate, Washington, D. C.

Dear Senator Holland: Because of the defense appropriation hearings, I will be unable to be present today to present testimony personally on the farm-credit proposals now before your subcommittee.

The minority report of the Senate Committee on Agriculture very pointedly recommended against any higher feed-grain supports, and the President went to particular trouble to single sorghums and feed grains for special criticism.

As an alternative to depressed sorghum grain prices, which bear just about the lowest price supports, the Federal Government will have to move quickly with a farm-credit program which will provide the horizon that a realistic farm program should do. Attached are copies of five letters from responsible executive officers of banks in Texas and New Mexico who have virtually declared that under the administration's present program on grain sorghums the banks will not make any loans to producers of grain sorghums and will suggest these farmers go to the Government.

I am quite sure that the President was unaware, as was the Senate Committee on Agriculture, that while the President was criticizing the feed-grain dealers and suggesting they would do better on their own, as did the minority report of the committee, that the private commercial sources of loans were suggesting they go back to the Government for relief. I think the subcommittee would be interested to know that these same letters from bankers have been made available to the White House for study.

I am not prepared to make definite suggestions at this time on any of the bills before the subcommittee. I was not aware that hearings would be held so soon. Just last week, I sent copies of the various farm-credit bills to farmers in New Mexico, asked that they hold group meetings, discuss the bills, settle on 1 or 2 which they felt would answer their problems in part, and report what they want the New Mexico congressional delegation to support. These meetings are going on this week, and I should have a firm recommendation and justification to lay before this subcommittee on Monday of next week.

I will appreciate your leaving the record and the subcommittee consideration open until next week in order that the views of farmers who are in very desperate circumstances might be considered and acted upon.

Sincerely,

DENNIS CHAVEZ, *United States Senator.*

SECURITY STATE BANK,
Farwell, Tex., April 23, 1956.

Senator DENNIS CHAVEZ,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CHAVEZ: As a small town banker, I thought you might be interested in how the administration farm program is affecting our business, especially in relation to the support prices on grain sorghums. As you are aware, the continued drought has very seriously cut into our wheat allotments, since we have been unable to plant the past few years. Our cotton base has always been small, therefore, our principal farm crop in this area is grain sorghums.

This is an irrigated area, and we have a very expensive production cost on all our crops, therefore about all the banks can do is to loan the farmers their operating capital. The price of milo (net around $1.52 per hundred), just about meets the production cost, with no depreciation on machinery allowed. We are being especially careful in extending credit this year, because if a farmer is depending on grain sorghum, we know from experience last year, that he will be unable to meet his obligations this fall.

We feel that the grain sorghum farmer is being discriminated against, in relation to the price set on corn, when we know that the feed value is about the same.

Very truly yours,

G. D. ANDERSON, *President.*

FIRST NATIONAL BANK OF BOVINA,
Bovina, Tex., April 23, 1956.

Senator DENNIS CHAVEZ,
Washington, D. C.

DEAR SENATOR: I am taking this method of extending to you this banks sincere appreciation for your efforts in behalf of the grain sorghum growers of the Southwest.

I, as a banker, have not in my twenty-odd years experience, seen prices more out of line in regard to cost of production in grain sorghums than they are today. As you know, the price of labor is rising every day, the price of machinery is rising even faster, and yet our grain sorghum is priced lower.

We all know that the food value of grain sorghum is almost exactly equal that of corn, yet we are penalized on it because we are not in the Corn Belt, and do not count very much politically, and we feel we are entitled to a fair deal.

Here in our western part of Texas we are probably having to depend upon the growing of grain sorghum, due our high altitude, and short seasons, for 80 percent of our income. We have to pump water upwards of 300 feet to irrigate it, and under present prices it just can't be done.

In our immediate area there have been good farmers in the past 3 months to sell out their possessions and move east in hopes of finding day labor to survive, for the simple reason that banks could not possibly make loans to produce the grain sorghums under present prices.

I am asking that you check with the implement dealers and find out how it is affecting their sales, the auto dealers, the merchants, and others affected by it, and you can readily see what is in store for our economy a little farther down the road if it is not remedied immediately.

We are requesting that you use your every influence to convince the Congress of the urgent necessity of alleviating this gross injustice, and give the American farmer a decent chance to keep on the farm and off the relief rolls. Please give us your help, for what we know is right and which is all we do ask for.

Yours very truly,

WARREN EMBREE,
Vice President and Cashier.

THE CLOVIS NATIONAL BANK,
Clovis, N. Mex., April 23, 1956.

Hon. DENNIS CHAVEZ,
United States Senate,
Washington, D. C.

DEAR SENATOR CHAVEZ: You are well acquainted with our many farm problems in this area and are aware that the financial institutions are having to screen every application carefully to determine if we can continue loans to our farmers under the present price support of grain sorghums.

We appreciate all the help that you have given us in the past and request that you continue your support and help in solving our problems.

Yours very truly,

HOWARD V. MARTIN, *Vice President.*

FRIONA STATE BANK,
Friona, Tex., April 23, 1956.

Hon. DENNIS CHAVEZ,
United States Senator,
Washington, D. C.

DEAR SENATOR CHAVEZ: We appreciate your support on the farm bill which the President vetoed. We know you put in a lot of hard work on it only to see it vetoed.

As you know our situation here is not very good. We feel that we are entitled to as much support as the farmers up north who are growing corn. We took a 25 percent cut in grain sorghum prices last year and unless something is done we will be under the same situation as far as price of grain this year.

We have had to send several farmers to the FHA this year for farming expenses, that we had been able to lend money to in years past. The cost of producing grain in our territory is about $25 per acre, and harvesting expense is about $5. If the man is paying rent he is lucky if he has enough to live on after he has paid his notes.

Any help you might be able to give us will be appreciated.

Sincerely,

CHARLES E. ALLEN, *Cashier.*

THE FIRST NATIONAL BANK OF HEREFORD,
Hereford, Tex., April 25, 1956.

Hon. DENNIS CHAVEZ,
United States Senator,
Senate Office Building, Washington, D. C.

DEAR SIR: The economy of our community is entirely dependent on agriculture and the principal crop in this area is grain sorghum. Our trade area is partially irrigated and partially nonirrigated and due to extreme drought for the past several years the nonirrigated area has had very little production.

Through the years prior to 1955, we enjoyed a healthy economy and farmers were able to realize a reasonable profit on their production. In the fall of 1955 the combined deposits of the local banks reflected a reduction of approximately $2 million from those of a year earlier. This is almost exactly the estimated reduction in gross farm income attributable to reduced support prices for grain sorghums put into effect in 1955. As a result of this reduction in income and increased costs of production it is practically impossible for our producers to realize a profit from their operations. In most cases their operating funds have become exhausted and equipment is becoming wornout, without the necessary funds for replacement. You can readily see that this reduction in bank deposits, naturally, reduces the loanable funds available for assistance to our farmers, and farmers' loan collateral is rapidly being reduced through wearing out of equipment and reduced values of growing crops. It has reached the point that a number of our farmers must operate entirely on borrowed funds as their cash reserves have been depleted. Without sufficient collateral it is impossible for banks to loan the required amounts.

We feel that it is the responsibility of banks in agricultural communities to aid our farmers in every way possible but in line with good business practices and fairness to depositors, we cannot justify making loans required to produce crops which will not return a reasonable profit under favorable conditions, also taking into consideration the fact that we are always subject to adverse weather conditions which might result in damage or loss to the crop and make repayment of the loans impossible.

As a result of not being able to operate at a profit and in some cases to finance their operations, some of our local farmers have already been forced to leave the farm and if present conditions are allowed to continue, a great number will be forced out of business within a short time. We believe that it is imperative that some definite action be taken to bolster farm income. In our case, an increase in the prices of wheat and grain sorghums is desperately needed.

Yours very truly,

E. B. HEDRICK, *President.*

(Supplementary statement filed by Senator Chavez is as follows:)

UNITED STATES SENATE,
COMMITTEE ON PUBLIC WORKS,
May 23, 1956.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture,
United States Senate, Washington, D. C.

DEAR SENATOR ELLENDER: With further reference to my statement of last week on the farm credit needs in New Mexico, I am pleased to submit additional information.

The farmers in eastern New Mexico apparently are united on Senate bill 3429 by Senator Aiken, provided there are some amendments. The suggestions I am making herewith are the result of correspondence with interested farm groups in New Mexico and the product of 1 public meeting at which 123 farmers were in attendance. This meeting was held specifically to discuss pending legislation and to make one State recommendation to the Congress.

I presume the Senator is familiar with the drought conditions in the Southwest. To point up the seriousness of the problem, the last time it rained in Albuquerque was on February 3. The State Drought Committee of the Department of Agriculture has requested a designation of all New Mexico as a drought disaster area. I understand this was rejected here in Washington by Mr. Kenneth Scott, who is in charge of the program. He rejected the recommendation of his own State committee and gave as his reason the fact that he had information from "other sources." The attached clipping is brought to the subcom-

mittee's attention with a request the Committee on Agriculture go into this matter, and investigate the decision and needs.

A second newspaper clipping covers the critical conditions which now exist in the State. This is the sixth straight year of drought, and I am sure that the Senate Committee on Agriculture will realize that under conditions like these the farmers are almost hopcless financially. I hope the committee will act favorably and soon upon a farm credit bill. I believe this is even more important than the price support bill for the Southwestern States.

The changes we in New Mexico would like to see made in S. 3429 may be simply stated as follows:

1. Amend section 17 of the bill to authorize and direct the Farmers' Home Administration to value land at normal prices or as near normal as is humanly possible. The reason for this amendment is that the 6 years of drought tend to becloud the appraisal and reduce the value to a point where the obtaining of a satisfactory loan is extremely difficult. Therefore, I propose after the word "fulfill" in section 17 that we add the following:

"*Provided, however*, That (i) the total principal indebtedness of any applicant at any one time shall not exceed the fair and reasonable value, based on earning capacity or normal market value, of the applicant's farm and the fair and reasonable market value of his chattels which have security value, less the outstanding balance of any liens not refinanced hereunder; and that (ii) such loans secured only by chattel liens shall be repayable within the normal useful life of the chattels or at the normal marketing time therefor, and loans secured by real estate mortgages shall be repayable in not to exceed forty years; *And provided further*, That on emergency loans to farmers because of drought or other acts of nature, that fair and reasonable value based on earning capacity be estimated on the basis of normal conditions and not on the assumption that the disaster will continue or reoccur."

2. I am sure the committee knows that after 6 years of virtual disaster, the operating funds for the farmers are almost exhausted. I pointed this out in my first statement to the subcommittee and entered into the record letters from bankers in eastern New Mexico and west Texas who said they could not make loans at the present price-support programs in that area, particularly on sorghum grains. It is imperative that operating funds be made available to the New Mexico farmers and ranchers. It is also imperative that we give him the opportunity to get on his feet. If the farmer can get on his feet, perhaps he would be better able to withstand the readjustments of the present administration's farm program. To help him get this breather, I want to strongly suggest that we apply to the farmers and ranchers the same assistance we have given in the past to the irrigation districts where they ran into financial difficulties, not of their own making but because of natural conditions. Therefore, I wish to suggest that at the proper place in the bill, we should insert the following:

"MORATORIUM ON REPAYMENT OF LOANS IN DISASTER AREAS

"SEC. —. (a) With respect to any person who (1) lives within an area which in the past five years has suffered a major disaster, determined by the President under the Act of September 30, 1950, as amended (42 U. S. C. 1855–1855g), (2) is obligated to the United States for any loan administered by the Farmers' Home Administration, and (3) applies to the Farmers' Home Administration prior to January 1, 1957, for relief under this section, the Secretary of Agriculture is authorized to extend the period of repayment with respect to any such loan for a period of three years, and shall require no payments on any such loan for the years 1956, 1957 and 1958, if the Secretary finds that as a result of any such disaster the applicant is, at the time of the application, unable to meet the payments on such loan without undue hardship.

"(b) The provisions of this Act shall not apply with respect to any loan made after the date of enactment of this Act."

There is ample precedent for this moratorium. I do not suggest that we erase any financial debt or responsibility to the Federal Government. What I do suggest is that we merely give him 3 years free of interest and principle and add these 3 deferred years to the end of the present loan.

3. Other recommended changes are in section 21. Briefly, they are:

Section 21, page 6, paragraph b, line 7: Change figures "$10,000" to "$15,000".

Section 21B, line 8, change "10 per centum" to "20 per centum".

Section 21B, line 12, change amount "$10,000" to "$15,000".

Section 21B, line 13, change amount "$20,000" to "$25,000".

Section 21D, line 19, change word "seven" to "ten".
Section 21D, line 25, change word "ten" to "fifteen".

These amendments would enable farmers who have been victims of prolonged drought to get loans, where justified, up to $15,000 instead of $10,000. This would be of very great help to the Western States. We need the extension from 7 to 10 years because farmers in eastern New Mexico have now been operating under drought conditions for 6 years and if only 1 year were remaining, they would be seriously handicapped.

I want to invite the subcommittee's attention to the attached copy of a letter from Guy H. Walden of the First National Bank at Sudan, Tex. You will note in there that the banks are now under pressure from the Federal bank examiners to call in notes on farmers with whom they have gone the limit; thus the banking avenue for financing seems to be a tightening one and a decreasing one. I hope the subcommittee will weigh this point very carefully because the declining price program, coupled with the shrinking credit program is a vice in which farmers and ranchers of New Mexico are caught, and only through legislation can we bring the aid which is needed.

The Farmers' Home Administration appears to be inadequate to meet any conditions which occur over any extended period of time. At my request the farmers of Melrose, N. Mex., met with the Farmers' Home Administration official from both the State office and the Washington office. You will note from the attached clipping the FHA can do nothing under existing authority. The subcommittee may be interested to know that in one county in New Mexico, it is estimated during the current fiscal year fully 40 farmers who have loans with FHA will have liquidated their operations. This does not mean the Farmers' Home Administration has closed them. It merely means the farmers were faced with the alternatives of being foreclosed upon or liquidating the matter themselves. I am sure they liquidated under pressure and duress and that it is entered in the books as voluntary, but I do not believe any of them would have given up if there had been any hope at all anywhere.

I also invite the committee's attention to the attached letter from Mr. Stuart Stirling who has been in the extension work for a great many years and is the county agent for Grant County, N. Mex. Mr. Stirling is a man who has observed agriculture for over 30 years, and I think his opinions and his warning are well worthy of the serious consideration of the committee.

Sincerely,

DENNIS CHAVEZ,
United States Senator.

12 COUNTIES ALREADY CLASSED—DROUGHT DISASTER STATUS SOUGHT FOR WHOLE STATE

ALBUQUERQUE (UP).—The State drought committee has asked the United States Department of Agriculture to designate all of New Mexico as a drought disaster area it was revealed Thursday.

Committee Chairman H. M. Rickman of La Mesa said drought conditions on the State's farm and ranch lands had grown steadily worse and now warranted a renewal of the program.

The State was removed from the drought emergency list last summer after a series of heavy rains helped conditions immeasurably. But moisture since then has been very slim. Twelve counties have already been reinstated in the program.

The situation now engulfs the State. The United States Department of Agriculture at Las Cruces said Wednesday that unless moisture is received soon, there would be no place in New Mexico that will have enough moisture to bring along spring grasses.

Under terms of the program, ranchers receive $1 per hundredweight on retail purchases of surplus feed grains, including barley, grain sorghums, and corn.

Richman said the committee had received countless requests from New Mexico counties for reinstatement. Already reinstated were Curry, DeBaca, Roosevelt, Valencia, Union, Miguel, Santa Fe, Torance, Guadalupe, Quay, Harding, and Mora. The remaining 20 counties were to be considered by this latest request.

The State's drought conditions were reflected by the moisture conditions here. The last moisture was recorded in Albuquerque last February 3—103 days ago.

Simms Demands To Know Why Drought Plea Refused

Santa Fe, N. Mex. (UP).—Gov. John F. Simms demanded Saturday that Agriculture Secretary Ezra Taft Benson explain the action of a Department official in turning down a plea that 10 New Mexico counties be designated drought disaster areas.

The action was disclosed even as the State drought committee was urging that the entire State be designated a disaster area.

It had been assumed by State officials that the 10 counties for whom the designation was asked previously, already had been approved.

But Simms, in a telegram to Benson, said that K. L. Scott of the USDA's credit services, had refused to follow the recommendations of the State drought committee regarding the 10 counties and had reported even that he had independent sources of information which claimed that New Mexico was not in an emergency condition.

WORST CONDITION IN YEARS

"I would like to know the sources of this erroneous information and the reason for bypassing the State committee which is responsible for advising the Department," Simms wired.

"New Mexico is in its worst drought condition in many years and assistance is urgently needed," he said.

Simms told Benson he wanted to hear from the Secretary himself on what action he planned to take.

RECOMMENDATION OVERRULED

Simms said that Department official Harvey Dahl, after a personal inspection, early this year recommended that the 10 counties be designated drought areas, but the was overruled by Scott and the National Drought Committee.

Simms said Scott, Friday, informed the State drought committee he was getting information from other sources.

Earlier this week the State drought committee had wired the Department that drought conditions were so bad it recommended that the entire State be placed on the drought disaster list to make farmers and ranchers eligible for aid in obtaining feed.

Simms said in his wire to Benson he was "astounded" to learn that Scott had refused to follow the recommendations of the State drought committee.

FHA Director Has Answers—Area Farmers, Ranchers Critical of Home Administration, United States Department of Agriculture

Farmers and ranchers in this area of northern New Mexico leveled considerable criticism at the Farmers' Home Administration and the United States Department of Agriculture at Melrose Wednesday night, but Steven C. Hughes, director of the loan division of FHA, had an answer to most everything asked him.

Some 225–250 persons, even more than were present in the Melrose City Hall Monday night for a preliminary session, were on hand Wednesday night. Ed Comer, Melrose businessman who was named chairman for the meeting at Monday's gathering, had a set of questions already prepared—questions that just about covered the situation from beginning to end. Eight to ten persons asked questions from the floor.

Hughes, from Washington, D. C. was accompanied by B. B. Atchley of Albuquerque, N. Mex., FHA administrator; Robert Marshall, area 5 supervisor; F. R. Harris of the Portales FHA office; and Kelley Gray, Clovis FHA director. Gray introduced the visitors.

Also in attendance at the meeting were Claud Thomas and Ben Davidson, two members of the local FHA committee.

Hughes explained the basic principles under which FHA operates. Primarily they are "We will not make a loan if one is available at reasonable rates and terms from any other source," and "We have no authority to make a loan unless FHA officials can certify that a farm family has a reasonable chance to succeed."

Questions asked included one by a farmer, reading from an FHA release issued when the program went into effect last year, that "under certain circumstances" FHA could make refinancing loans. Hughes answered this by saying it was administratively impossible to determine those "certain circumstances." He did say there was no room in the present setup for refinancing this year.

Comer, speaking on behalf of Melrose, compared the town to a person with cancer—"Our community is gradually dying as a result of 7 years of drought. We need help now, and if you can see us through this period we can come back." The statement reminded one of a remark made in a national magazine about a year ago that "Melrose was like a graveyard with lights."

One farmer pointed out that he understood the Great Plains program would be a boon to farmers in this part of the country, but now the administrators feel they would be doing the borrowers an injustice by lending them more money. "Some of us are third-generation farmers in this country," he said, and we know what our land can do with enough moisture—it'll come back."

He recalled that in the late 1940's, having paid high income taxes on the last good crops, the farmers had no cash reserves to see them through the drought years that have followed. He stated he did not think the FHA program had anything for answering the farmers' greatest need.

Howard Martin of the Clovis National Bank told Hughes he believed certain factors could be detracting from the FHA program. He said he could cite cases in which provisions in the law had been interpreted differently in Texas and New Mexico—that money seemed to be no object in Texas, and that he felt there was not adequate personnel to handle the large volume of loans in the drought area.

Hughes said that interpretation of the laws should be uniform over the Nation, and that the Texas situation must be looked into. He admitted that many FHA offices are understaffed and that the workload might have resulted in improper interpretations.

Everybody got a grim laugh out of a question asked in regard to "What does FHA do in case of floods?", knowing full well there was little likelihood of such a thing happening in this area. Most knew immediately what the next comment would be—"Flood victims get immediate relief, while we've been waiting for 7 years for a financing program."

Hughes said that many persons, even in flood areas, had been turned down just as those in drought areas have been refused. He admitted that drought was just as much of a disaster as flood, but legislation would have to be changed before anything could be done.

SILVER CITY, N. MEX., *May 18, 1956.*

Hon. DENNIS CHAVEZ,
United States Senate,
Washington, D. C.

DEAR SENATOR CHAVEZ: I recently received your newsletter concerning the serious situation that agriculture has been in and still is. Your suggestion concerning long-time credit for farmers, I believe, will help more than anything that has been proposed up to now.

Back in 1916 and 1917, when the land banks were started, irrigated land was evaluated at from $60 to $80 an acre; that time has passed. However, the land banks of the United States served a great purpose. Farmers had 32 years to pay this loan back. These loans took us through 2 world wars, 2 short sharp depressions, and then the depression of the 1930's. In New Mexico practically 100 percent of these loans were repaid. However, we now face another day with much greater problems. Farmers have terraced their fields, they have leveled them at a cost of sometimes $120 to $150 per acre. If we could set a new valuation on farmlands so that a farmer could put all his indebtedness under 1 loan agency with 30 years to pay this debt back, it would do more for the American farmer than anything suggested yet.

As the situation stands today the American farmer and ranchman as a group face bankruptcy. A loan of this type would give them a certain amount of assurance that they themselves could control surpluses by not joining the rat race of overproduction. As long as low prices prevail farmers must produce quantity in order to get by.

Failure to set up a long-time credit policy, with an increased value put on land, will soon place the farmer in the same category as the peasant or the peon, for as matters stand now they are drifting into a socialized type of agriculture.

I am,

Yours very truly,

STUART STIRLING,
County Extension Agent.

THE FIRST NATIONAL BANK OF SUDAN,
Sudan, Tex., May 15, 1956.

Senator DENNIS CHAVEZ,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: Contrary to the Farmers' Home Administration and other Agriculture Department officials belief, or perhaps interest, in our drought-stricken farmers and stockmen, time has come they must have immediate assistance and you good Congressmen and Senators are the only people in a position to aid them.

We are sure you have heard of the extended drought and wind erosion condition of parts of New Mexico, Colorado, Texas, Oklahoma, and Kansas which continues unabated. Banks have stayed with these farmers and stockmen as long as their examiners will permit and who are now beginning to charge a number of these good people's notes out of their banks. If this present condition continues, there is going to be serious repercussion among these people and the banks.

Our State Department continues to ask for foreign aid funds, which we protest the granting of, until our own taxpaying and voting citizens are given the assurance that their own Government will keep them from losing their farms and other property. After all, these foreign aids must be paid by our people and how on earth can this condition exist when our first God-given resources are being neglected as they are. Seems to us that any Government official should know this.

Unless you fine people representing the American people take this problem in your own hands and pass the laws necessary to help these distressed people, our whole economy is going bankrupt.

Thanking you and with best wishes and kindest regards, we remain,

Cordially and sincerely,

GUY H. WALDEN,
Chairman of the Board and President.

Senator HOLLAND. We next have a request from Senator Langer. A statement which is in the course of preparation by him will be incorporated in the record at this point.

(The statement referred to is as follows:)

STATEMENT FILED BY HON. WILLIAM LANGER, A UNITED STATES SENATOR FROM THE STATE OF NORTH DAKOTA

I am very much interested in these measures for I believe it is very desirable legislation. S. 3247 particularly interests me as it is very similar to S. 1912 which I joined Senator Allott in sponsoring in May of 1955.

The situation which this bill would help considerably to correct is a common one in North Dakota. Time and time again reports will reach me from agencies in North Dakota such as the Farmers' Home Administration stating that a loan has had to be denied to some farmer since it appeared to them that such a loan was only for the purpose of refinancing existing indebtedness and their regulations prevented their financing such an arrangement. Here is a perfect example of an agency's hands being tied in the face of one aspect of a problem they are supposed to relieve. These improvements in farm credit would do much to help hundreds of people maintain their farms and prevent the further disappearance of the small farmers.

Senator HOLLAND. Congressman Coon, we will be glad to hear from you, sir.

STATEMENT OF HON. SAM COON, REPRESENTATIVE IN CONGRESS FROM THE SECOND CONGRESSIONAL DISTRICT OF OREGON

Mr. Coon. Mr. Chairman, I am Sam Coon and I represent the Second District of Oregon. I am very grateful for the opportunity to appear before you here this morning in support of legislation to provide financial assistance for the rehabilitation or orchards destroyed or damaged by natural disaster.

My support of this legislation is prompted by the needs of the disaster area around Milton-Freewater in Umatilla County, Oreg., in my district, and across the State line in Walla Walla County, Wash.

Senator Holland. You are speaking to S. 3650?

Mr. Coon. Yes, sir.

Bad freezes there last winter wiped out many orchards. Many of these are on small acreages and on rocky ground poorly suited for other crops.

According to an article in the Walla Walla newspaper, 1,275 acres of apple orchards suffered at least 75 percent damage; at least 90 percent of all prune trees were killed at 2,000 acres; and 225 acres of cherries are counted a 100 percent loss.

Three million dollars is the estimated loss in trees killed, plus the cost of replanting, grafting stumps, and bringing the orchards back into production. The loss of income to the orchardists during the next 6 years is estimated at $6 million.

Many of the fruit growers just do not have the money or credit to get their orchards back into production. The Farmers' Home Administration has made emergency loans available. However, a 10-year loan is not long-term credit enough when it takes 6 to 8 years to get an orchard back into production. Longer credit is needed with a period of grace before payments need be made—as many orchardists will have little farm income until their trees come into production—and must depend on outside income until that time.

Direct emergency assistance would be of great benefit to these victims of disaster. It appears unlikely that soil-bank legislation now under consideration would apply to orchard land—either being taken out of production, or being put back into production. There is a very good argument that planting orchard trees is a soil-conserving measure—as are other practices for which farmers will be paid. Direct emergency assistance to orchardists who are freeze victims can be considered a disaster-relief measure.

I sincerely hope that the committee will give favorable consideration to helping these orchardists, in an area where orchards have succeeded over a long period of time, but who are up against it now, through no fault of their own.

That concludes my statement, Mr. Chairman.

Senator Holland. All right. Thank you.

I may say we had not expected to have statements on S. 3850 but were asked by Senator Morse to hear the testimony of someone who had come over from the Northwest who I understand is here. We will be glad to hear him later.

S. 3850 was not included within the group of bills relating to the same subject-matter which were being heard together.

This is a little different approach, long-range credit where tree crops are destroyed.

Mr. Coon. I realized that and I appreciate the committee giving us the time this morning.

Senator Holland. Senator Neuberger is here and I understand that Mr. Glenn Gibbons is the man you wanted to have heard and we will hear him before the hearings conclude today.

Senator Neuberger is on the bill on which Mr. Gibbons will testify. I would suggest that, if you don't mind, that your apperance come at a later date because we have a great number of witnesses here and we had not expected to have hearings on this bill. It was included only by the staff without my knowledge last night at the request of Senator Morse because you have a gentleman here whom we are to hear.

Senator Neuberger. I was going to be present with Mr. Gibbons.

Senator Holland. If you so desire you may tell us what you would like about him and he will be heard before we get through today, but there are witnesses who were scheduled ahead of him.

Is Mr. Gibbons here?

Senator Neuberger. Yes, he is.

Senator Holland. You may present him now, and your statement will appear in the record immediately prior to his testimony. We could not take him up ahead of others who have been scheduled a long while.

Senator Neuberger. I would just like to get this straight. My office was informed that we were supposed to be on at 10:45.

Mr. Kendall. In case we got through earlier.

Senator Holland. I hope we have not inconvenienced you. We are trying to be of assistance to you people from Oregon. You are a long way from home and if you have a witness here we want to hear him today. But we are working that in as a matter of convenience to you and to him and as a matter of courtesy to the Oregon delegation.

Senator Neuberger. We would appreciate it if you could hear Mr. Gibbons while he is here.

Senator Holland. We certainly shall. That is the purpose of adding him to the agenda for today. But we cannot displace others who have been long set. And as I say, Senator, this witness is not testifying on a bill which is on the agenda for today. He was put on the list to testify sometime yesterday as I understood this morning. I was tied up in appropriation matters and Senator Morse requested that he be heard and we are very glad that the staff did put this witness on. He will be heard before we get through.

Senator Neuberger. Thank you very much.

Senator Holland. Also, if you have a statement, it can be incorporated. We do not expect to be through our hearings today.

Senator Neuberger. All right; thank you very much.

Senator Holland. The next witness is Mr. Kenneth L. Scott, Director, Agricultural Credit Services, who, I understand, has with him Mr. McLeaish, Administrator, Farmers' Home Administration, Mr. Howard V. Campbell, Farmers Home Division, Office of the General Counsel, and Mr. H. C. Smith, Deputy Administrator, FHA.

We will be pleased to hear from you now.

STATEMENTS OF KENNETH L. SCOTT, DIRECTOR, AGRICULTURAL CREDIT SERVICES; R. B. McLEAISH, ADMINISTRATOR, FARMERS' HOME ADMINISTRATION; AND HENRY C. SMITH, DEPUTY ADMINISTRATOR, FARMERS' HOME ADMINISTRATION, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. Scott. Mr. Chairman, we appreciate this opportunity to discuss the several legislative proposals to broaden the lending authorities of the Farmers' Home Administration to meet the necessary credit requirements of farmers who cannot obtain needed credit from other sources.

First, I would like to discuss the amendments to the Bankhead-Jones Farm Tenant Act which have been recommended by the Department and which are embodied in full in S. 3429. Briefly, S. 3429 would accomplish the following:

Title I loans could be made to refinance debts until June 30, 1959, with a limitation of $50 million for insured refinancing loans during any fiscal year. We would not intend to use this refinancing authority when there is any other feasible way to take care of the debt situation by modification of terms of existing loans.

Finance the essential credit needs of owner-operators of farms that are insufficient in size to adequately meet the requirements of the family and therefore the farm income needs to be supplemented by off-farm work. This authority would not be used where it is possible under the present provisions to enlarge the size of the farm. Loans under this authority would be restricted to owner-operators who have an adequate farm background and evidence a determination to be substantially engaged in farming. It is not the intention to finance town people who merely reside in a rural area. This authority would be particularly helpful in carrying out the purposes of the rural development program.

Remove the present restriction on title I loans to amounts not in excess of the average value of efficient family-type farm units in a particular county in order that loans may be made on all eligible family-type farms. This authority would be used only for farm development and refinancing loans. It is the intention to continue by administrative regulations to limit loans for the acquisition of farms to those with a value not greater than the average of efficient family-type farms in the county.

Authorize the making of insured loans in amounts not in excess of the fair and reasonable value of the farm as certified by the county committee. These insured loans are now limited to 90 percent of that value although loans made from appropriated funds have for a number of years been successfully made without this 90-percent limitation. This proposed authorization is very important if we are to utilize fully the insured loan authority contained in the bill. The use of the insured loan authority on the same basis as the direct authority would strengthen and increase the Agency's lending resources. Except for the 90-percent limitation on the size of the loan, there is no difference between a direct loan and an insured loan. However, many deserving applicants cannot qualify for an insured loan because of the 90-percent limitation. Experience shows that often applicants must utilize their

working capital resources in order to secure the 10 percent necessary to qualify. The result is that they have little remaining operating capital.

The authority for the making of insured loans under title I would be increased from $100 million to $125 million per year.

Permit some discretion in the making of title II loans by providing that not more than 10 percent of the available funds may be used to finance family-type farmers and ranchers whose necessary credit needs exceed the existing $10,000 limitation. The average size of title II loans has been running about $3,500. It has been impossible, however, to finance quite a number of family-type farms and ranches which meet all the eligibility standards yet whose credit requirements for operating funds exceed $10,000. This provision would permit the making of loans up to a total principal indebtedness limitation of $20,000.

Occasionally, for reasons entirely beyond the control of the borrower, it is not possible to effect an orderly repayment of a title II loan within the present limitation of 7 years. This bill would authorize exceptions to the 7-year rule in justifiable circumstances on a year-to-year basis for a maximum of 3 additional years.

To further enable the Farmers' Home Administration to remain noncompetitive with other sources of credit, this bill would, in describing the criteria for determining the availability of credit, substitute "reasonable rates and terms" rather than the present provision "not exceeding the rate of 5 per centum per annum." Most real-estate-type loans can be secured from private and cooperative lenders at a rate of 5 percent or less, but operating loans from conventional lenders in many communities have been and still are made at interest rates in excess of 5 percent. The present 5 percent criteria in the law does not sufficiently recognize the prevailing practice in many communities. We believe the phrase "reasonable rates and terms" would be a much better test.

Second, I would like to discuss S. 3559 which has been recommended by the administration and which amends Public Law 727, 83d Congress. The provisions of this bill are urgently needed to relieve a current situation. The present act authorizes emergency loans for any agricultural purpose, except for refinancing of existing indebtedness, in a total amount of not to exceed $15 million. This authority may be used in any area where the Secretary determines there is a need for credit which cannot be met from commercial banks, cooperative lending agencies, the Farmers' Home Administration under its other programs, or other responsible sources. Loans were first made under this authority in fiscal year 1955, and about $1,500,000 was obligated. During this fiscal year many areas have been designated as eligible for loans and the balance of $15 million was exhausted on May 7, 1956. It was necessary for the Farmers' Home Administration to cut off lending very abruptly, while many applications were pending and loan dockets were being completed.

S. 3559 would extend the authority for these emergency loans to June 30, 1959, and would authorize the lending of an additional $50 million after the passage of the amendment. Funds for these loans are derived from the revolving fund from which other emergency loans are made under Public Law 38. There are ample funds in the

revolving fund to continue making loans whenever this legislation is enacted.

The Department has had an opportunity to report on most of the bills now pending before the committee. The provisions of those which would amend the Bankhead-Jones Farm Tenant Act seek generally to accomplish the same objectives as S. 3429. We believe, from our operating experience, that there is ample authority in S. 3429 to take care of any of the needs sought to be satisfied with the other bills. Also, we believe that the proposed amendments to Public Law 727 contained in S. 3559 are adequate to strengthen the Department's general emergency lending authority as needed.

Perhaps it might be of interest to you, Senator, for me to mention just briefly some of the background considerations of our recommendations and some of the principles that we tried to keep in mind in shaping up these recommendations.

I think the most important single thing in our mind was that it is, of course, in the interest of farm people who have to borrow to stay to the extent they can with the regular place where they have been getting their credit. This business of bumping them around from one place to another, moving them out into FHA for a little bit and moving them back is certainly trying and costly and very disturbing to farm people.

We have tried to think of what we could do under the authority which the Congress has given us, to help other creditors, principally banks and farm credit institutions, being major sources of agricultural credit, to enable them to go along and carry on with the people that they are doing business with and with which they are of course very familiar.

The other thing, we have had several public meetings around in different States. We, of course, as you would know, have checked with our Farmers' Home Administration people throughout the States, particularly, and we tried to get as good an understanding of the real credit situation as we could.

To these public meetings, we have invited representatives of all the farm organizations and the agricultural committees of the State bankers association. We have had some of the members of the National Bankers Association; Mr. Shepherdson, of the Federal Reserve, has been working closely with us; but all of that for the purpose of trying to determine just what need there is for supplemental credit, keeping in mind that Congress has cut out this field for us. I want to assure you we have no reluctance at all to continue in our thinking along the lines of extra-risk credit which the Congress has authorized this agency to extend and with which I think they are doing a very effective job.

So these recommendations, in our judgment, will keep the Farmers' Home Administration continually in the supplemental credit field. We have tried to keep it from becoming competitive in any way with other lenders. We have certainly had in mind that this cost-price squeeze which we are all so conscious of has created some real credit problems, and some additional ones. We have felt that the two principal sources of agricultural credit, the commercial banks and Farm Credit Administration, certainly have lots of resources and we think that we should not recommend additional authority for the Farmers' Home Administration that would have as its purpose

the refinancing of debts which there is every reason to believe could be continued in their present source. It has been our purpose to make recommendations that would enable the Farmers' Home Administration, in justifiable cases, in hardship cases, certainly, to do some necessary refinancing.

Senator HOLLAND. Stated briefly, you do not want to do violence to the field of operation of the commercial banks or the institutions in the Farm Credit Administration.

Mr. SCOTT. That is entirely right.

Senator HOLLAND. But you do want to make it possible to render quicker service, better service, and larger service to those farm people who do not come within the two groups mentioned—those who have credit from commercial banks, and from units of the Farm Credit Administration.

Mr. SCOTT. That is right, Senator.

Where we find in discussions of individual cases with local banks and the local PCA, that it is clear that they cannot within their policies go further, in those instances with the other qualifications being adequate for eligibility, we would expect to do some refinancing of existing debts.

With that background, I have only to refer to the statement which is in the record.

Senator HOLLAND. Well, I have already commented for the record that the Department seems to prefer S. 3249 in the field of emergency credit.

Mr. SCOTT. That is correct. Those are the recommendations which we have.

Mr. MCLEAISH. S. 3249 is the Bankhead-Jones type of credit. The bill, if I might interrupt, that emergency credit is S. 3559.

Mr. SCOTT. We have made two recommendations.

Senator HOLLAND. The statement of the witness seems to relate to S. 3249.

Mr. SCOTT. Over on page 4, Mr. Chairman, the statement picks up S. 3559.

Senator HOLLAND. Let's talk about S. 3249 first. Under title I of that bill, loans could be made to refinance debts until June 30, 1959, with a limitation of $50 million for insured refinancing loans during any fiscal year.

You favor that provision, do you?

Mr. SCOTT. Yes.

Senator HOLLAND. Is the $50 million of authority given under that title I adequate for a year's coverage of that particular field of need?

Mr. SCOTT. We feel it is, Mr. Chairman.

Senator HOLLAND. Is that all new?

Mr. SCOTT. This would be new authority that we are seeking, authority to make loans solely for the purpose of refinancing, where we now do not have that authority. We think that the emergency credit situation which now exists justifies our seeking that authority for this temporary period.

Senator HOLLAND. You mean refinancing under the Bankhead-Jones Tenant Act, or do you mean refinancing loans to existing banks and through Farm Credit Administration?

Mr. SCOTT. They could be existing debts, outstanding debts.

Senator HOLLAND. Of this kind?

Mr. SCOTT. That's right, sir.

Senator HOLLAND. All right. Now, your second point is that under S. 3429 you would be able to finance the essential credit needs of owner-operators of farms insufficient in size to adequately meet the requirements of the family, therefore requiring that off-farm work be done by some members of the family to supplement farm income.

Mr. SCOTT. Yes. We think there is a very real need for this. It would be the purpose, wherever possible, to use our present authority and the present policies to enlarge the farms and get them on to a basis of being entirely self-sustaining.

Senator HOLLAND. What part of the S. 3429 would cover that field? The statement is not clear on it.

Mr. SMITH. It would be a beginning on line 24, on page 2 of the act, sir. The language following from that line down through line 6 on page 3, providing the Secretary of Agriculture with authority to insure real estate loans, on less than adequate units.

Senator HOLLAND. Beginning where on page 2?

Mr. SMITH. Line 24, bottom of the page. Beginning with section 2.

Senator HOLLAND. What would be the limit of the loans that could be made under that part of the act?

Mr. SMITH. They would carry the same limitations as are pertinent to the title I loans. In other words, they would be limited by approvals by county committees and the other limitations that are contained in the general provisions for title I loans, the only difference being that the loan could be made on a unit that was less than a full family-type unit.

Senator HOLLAND. This would open up a new field of farm borrowers not now able to be served by the act, is that what you mean?

Mr. SMITH. There are two principal objectives that the Department is trying to accomplish in this particular section.

If enacted, the loans that have normally been made by the agency under title V of the Housing Act of 1949 commonly referred to as rural housing loans, woud be made pursuant to this section. Many of those loans were made on units that were actually less than family-size farms.

In addition, this authority would permit the Department to round out its credit program in connection with the rural development program.

Senator HOLLAND. Then the $50 million that you have mentioned already applies only to refinancing?

Mr. SMITH. That is right.

Senator HOLLAND. This second item applies to enlargement of the field of activity of it?

Mr. SMITH. Title I.

Senator HOLLAND. Title I?

Mr. SMITH. That is right.

Senator HOLLAND. Gives you greater authority than you now have?

Mr. SMITH. That's right.

Senator HOLLAND. You felt the need of that additional authority to help meet the problems, credit problems of farms that are not big enough to be self-sustaining family unit, is that right?

Mr. MCLEAISH. Senator, if I may interject there, this is an attempt to do what Senator Stennis is attempting to do under his bill.

Senator HOLLAND. All right, sir.

Now, the third point you make on this particular bill, S. 3429, is that it would remove present restriction on title I loans to amounts not in excess of the average value of the efficient family-type farm units in a particular county.

Is that removal of the present restriction necessitated by item 2 which you have just mentioned above?

Mr. SCOTT. That is just to broaden our authority. In other words, the way the law stands now, Mr. Chairman, we have to stop at the level of what is determined to be the average valuation of an efficient family-type farm. We go up halfway in the group and those above that, still being efficient family-type farms, are excluded from assistance.

Now we think that is a very proper and sound restriction when it comes to the acquisition of farms. But we find from experience that there are a good many people still in this family-type size who need some assistance in enlarging their farming business, short of acquiring more land, need some assistance in the refinancing of debts, and so forth, everything that we are authorized to do short of enlarging the acreage of the farm. In the light of our experience, we felt it was desirable to seek this additional authority so that we might finance all eligible family-type operators and not stop at the average value of such farms in a county.

Senator HOLLAND. Would the restriction still apply that if the farmers in that upper half, or the family-unit farms, could get commerical bank credit or Farm Credit Administration service, that they would not be eligible for your loans?

Mr. SCOTT. That is basic to all of our loans; yes, indeed, sir.

Senator HOLLAND. And the fourth point that you mention is that this new bill would authorize the making of insured loans in amounts not to exceed, not in excess of the fair and reasonable value of the farm as certified by the county committee, whereas the limitation of 90 percent of that value now applies.

Mr. SCOTT. Yes.

May I point out that in our insured-loan program—maybe that is not the right name for it, since the insured-loan program really differs only with the loans made out of direct appropriations, in that we get loanable funds from investors, ordinary banks, and trust departments. The Farmers' Home Administration, on loans that are to be insured, as well as loans that are to be made out of their appropriated funds, determine in the first instance the eligibility of the applicant, and they get all the facts together. They make the loan. They service the loan and they collect the loan, either type. They are exactly the same with one exception: on an insured loan, when they get down to the point of issuing the check, then they contact the bank or the trust companies that have previously indicated a willingness to invest in these loans and they send the money over. Experience has indicated that this type of loan is working out very well but that the 10-percent difference between the insured loan is not working out in a practical way for the applicants. They have to often go around and obligate themselves on some chattels that they have, to supply this required 10-percent margin. We are speaking, of course, of the appraised valne. This isn't the going value. It is an appraisal that is made

by very capable appraisers in the system, and the basis and the valuations are very similar to those made by the appraisers of the Federal land bank system. So this means that where the Federal land bank system would make a loan up to 65 percent, the Farmers' Home Administration is seeking authority to make an insured loan on up to the full value of their appraisal. Normal long-term appraisal value is generally about 70 percent of the going price of land. The experience with this type loan has been, I am quite sure, the best in repayments of any of the loans that Farmers' Home Administration make.

Senator HOLLAND. You have been able to make them up to that full 100 percent but not under insured loans?

Mr. SCOTT. That's right, yes.

Senator HOLLAND. What you would like to do would be to permit the bank and other financial institutions to lend up to your full appraised value and insure those loans, is that it?

Mr. SCOTT. That's right.

Senator HOLLAND. Which would be that much addition to your direct lending authority in that field.

And you are already using direct lending authority to lend up to 100 percent of your appraised value which you say is about 70 percent of the going value of the farm in question.

Mr. SCOTT. That's right.

Senator HOLLAND. All right.

The fifth point that you make is, you want the authority for the making of insured loans increased from $100 million to $125 million. That is title I insured loans.

Mr. SCOTT. That's right.

Senator HOLLAND. Your sixth point is, you want to permit some discretion in the making of title II loans by providing that not more than 10 percent of the available funds may be used to finance family-type farms—farmers and ranchers—whose necessary credit needs exceed the existing $10,000 limitation. You have $10,000 limitation imposed by present law?

Mr. SCOTT. That's right, sir.

Senator HOLLAND. You feel that there are enough cases where that does not meet the need to justify your approval of that provision in this proposed bill, S. 3429, which would allow you to use not more than 10 percent of available funds in meeting the needs of the family-type farmers whose needs exceed $10,000.

Mr. SCOTT. That obviously is based on our experience in lending—relating this 10 percent to the present recommendations for appropriated funds, that would be about $14 million.

That's correct, I believe.

Mr. MCLEAISH. Yes, sir.

Senator HOLLAND. Now, your seventh point is that beyond the present limitation of 7 years you want a maximum of 3 additional years in cases which require that.

Mr. SCOTT. That again relates to the actual experience.

Senator HOLLAND. To what percentages of your business would this additional 3 years apply?

Mr. SCOTT. Very small percentage numberwise. It shows up as you would know mainly in the areas where they have had prolonged drought.

Senator HOLLAND. Would you have a percentage figure?

Mr. SMITH. We don't, Senator, have any exact percentage figure, but it would be not too large a part of our present business.

Senator HOLLAND. I notice that on each of the other proposed enlargements of the structure of operations that we have considered down to now there has been a limitation, either a limitation of funds or a limitation to a certain percentage of your business or some other limitation, whereas there is no limitation in this proposed change in your operation.

Why would it not be possible to place a limitation in this as well, rather than invite every borrower to request that his period of repayment be stretched out from 7 to 10 years regardless of whether he acutely needed that or not?

Mr. SCOTT. We expected to handle this, Mr. Chairman, on a case basis and entirely on a showing that there is a real need for it.

In actual experience with these loans, they pay out between 3 and 4 years on the average, through the years, and this need for a longer period is very much of an exception. Under present authority and regulations, we do not sell out these people when we bump up against this 7-year limitation but we are required to go to a local bank or the PCA and tell them that here are the facts about this particular loan and we have set up a budget but we cannot advance additional money. We will subordinate our lien to you so that you can go ahead and make the loan. Thus it involves seeking out another creditor to supply the money.

This amendment would provide us a basis, in justifiable cases, and we certainly would not expect to use it excepting in those circumstances, to go ahead and on a year-to-year basis, provide for necessary operating expenses.

In other words, just permit this borrower who for reasons beyond his control is unable to meet the period, to go ahead and effect an orderly liquidation.

It is not intended to stretch the time out generally to 10 years because our experience with the pay-out, on the average 3 or 4 years, does not indicate that there is a general need for it, sir.

Senator HOLLAND. You don't expect this to apply at the time of the granting of the original loan, but simply as to the extension.

Mr. SCOTT. That's right.

Senator HOLLAND. So as to permit you to operate within an additional 3-year period.

Mr. SCOTT. We find, Senator, in drought cases such as Senator Allott mentioned out in his country, of the man who has been with us for 7 years, and needs some more operating money. He has not reached the loan limit of dollars but he has reached the time limit and he still needs more financing. In cases like that we propose to exercise this authority.

Senator HOLLAND. So long as it is clear that you do not expect this provision to apply at the time of the granting of the original loan I see no great need for the limitation in this field that is furnished in other fields.

Mr. SCOTT. We expect the regulations to stand as they are; that we not set up these loans initially for a period beyond 7 years. They are all set on a case basis within the 7-year limitation.

Mr. Smith. Under the wording of the proposed bill here, the 7-year repayment period would be retained.

In other words, none of the loans in the first instance could be scheduled over a period longer than 7 years.

Senator Holland. Now, the eighth point that you make is relative to your interest rate.

You prefer the use of the words "reasonable rates and terms" as a part of the law, rather than the present provision, "not exceeding the rate of 5 percent per annum."

Mr. Scott. That's right.

Senator Holland. State your reason for that preference.

Mr. Scott. We understand, that it has been the intention of the authority we have been given by the Congress to conduct our affairs in a way that they will not be competitive with private lenders, that when our borrowers reach a place where they can meet the qualification for necessary credit from other established sources at reasonable rate of interest and at reasonable terms, that it is the intention that we should encourage them to get such other credit so that we can have more funds to help other people.

Now, technically if we should find a borrower who meets all of these tests, who is fully able to obtain credit elsewhere, yet if the going rate, it is in many places—runs about 6 percent or so for farm loan we could not require him to go elsewhere and get his credit under the present wording if he is to be charged a rate in excess of 5 percent.

Now, that is the reason we bring it up.

Senator Humphrey. Do I understand, Mr. Chairman, in other words, that this provision would permit raising interest rates?

Mr. Scott. No; it doesn't, Senator; doesn't involve that so far as the Farmers' Home Administration is concerned. We are merely recognizing what is the usual rate in many rural communities and believing that the Congress has expected us to encourage people who can, who we have been able to help get their resources and their business and their debts in shape so that they can meet the sound lending standards of the local bank, those people we understand we are expected to encourage to get their credit from the bank.

Now, if that bank's rate and the general rate in that community, of PCA's and other banks, let's say is in excess of 5 percent, we could not under this wording crowd this borrower to go over. We could visit with him, and if he said he liked the Farmers' Home Administration, we would have no choice but to continue with him.

We raise this as a point that we think is something that the Congress should take a look at if we are to carry out what we have understood to be the intention of encouraging people to get their credit elsewhere, when they can meet the standards of credit of banks and PCA and would be able to get that credit at the going rate to other farmers in the community.

Senator Humphrey. But the ultimate effect of this would be that where the going rate, from the commercial establishment, is 6 or 7 percent, which is not uncommon—it is just going up all the time—the ultimate effect would be that you would have to raise your rates the same, so you would not be competitive.

If we changed the language——

Mr. Scott. No, no; this has to do with the eligibility, the test as to whether they are able to get credit elsewhere. It has to do with the graduation of borrowers, also.

Senator Humphrey. I understand. But what you are supposed to do is try to urge people to get credit elsewhere in normal channels of credit. The farmer is a wise man, and if he finds that he has to pay 6½ percent at the local bank, and you have got a limitation in the law that says you can't go over 5 percent, and he wants a loan from you, you can't very well encourage him to go over to the bank that wants 6½, because he isn't going to pay it.

Mr. Scott. We are raising the question with the Congress in this recommendation. We understand that we are to help these people, and we believe the records show we are helping them very much in great numbers to get on their feet.

Senator Humphrey. Yes.

Mr. Scott. We understand it is the intention to encourage them to go elsewhere, and get their credit, so we can pick up more folks and give the same help to them.

We are raising the question as to whether at this time—it has been a problem for several years—whether the Congress wants to leave this requirement in here that they shall get credit at not less than 5 percent. We will run the show in whatever way the law says.

Senator Humphrey. I understand, but I am deeply concerned with what is happening in the credit structure out my way. We have a farm deflation and the Federal Reserve Board is regulating credit on the basis that there is an inflation. That is really what is going on.

The rediscount rate, raising the discount rate, is just raising havoc, not only for farmers but a lot of other people, and I am not about ready to agree to any provisions in any law that would help the Federal Reserve Board that is directing its credit policies towards what they consider to be an inflationary tendency in industry and the large metropolitan areas—to have that kind of a policy become the prevailing policy for an area of the economy that is in a deflation.

That is our problem, isn't it, when you look at it?

Mr. Scott. I just want to make it clear that this does not relate to the Farmers' Home Administration rate of interest. We are not proposing any change in that rate. It is just the provision in the law now which indicates that they can get credit for 5 percent or less, that we shouldn't be encouraging them to go elsewhere, which means that we wouldn't be encouraging very many people to go.

Senator Humphrey. I understand that. In other words, what it really gets down to is that you couldn't very well encourage them to go elsewhere when you have a limitation on the amount of interest rate for your own credit facilities; isn't that correct?

Mr. Scott. No. It is the rate that they can get credit elsewhere.

Senator Humphrey. I understand that, but isn't it true, therefore, that your funds would be more used up under the 5-percent limitation if the competing limitation for the competing interest rate was 6 and 6½ in the private credit?

Mr. Scott. Well, yes. If they did not voluntarily, and a good many of them do voluntarily go and get credit regardless of this provision—but if all of the borrowers who could meet all of the tests of credit elsewhere decided—no, we are not going to go unless we can get a 5-

percent rate—it would certainly mean we would need a good deal more loan facilities to go on.

Senator HUMPHREY. It means you absorb more of the credit responsibilities where there is that 5-percent limitation, than you would have to, if you took the limitation out. As I understood the language you suggested, isn't that what you propose, some language that would knock out the 5-percent maximum?

Mr. SCOTT. That's right.

Senator HUMPHREY. Then you could possibly administratively raise it up to six?

Mr. SCOTT. You mean the rate we would charge?

Senator HUMPHREY. Yes.

Mr. SCOTT. Oh, no.

Senator HUMPHREY. I thought you were asking to take out the 5 percent.

Mr. MCLEAISH. We are not asking to remove the 5-percent limitation on our interest rates.

In other words, they would remain the same.

Senator HOLLAND. I think we can clear up this matter with a couple of questions.

You are required by present law to operate in such a way as to not be competitive with existing institutions, either commercial banks or the Farm Credit Administration units.

Mr. SCOTT. That's right.

Senator HOLLAND. This provision, if strictly construed by you, and if the going interest rate, both of the commercial banks and Farm Credit institutions in a certain area, were over 5 percent, would make you directly competitive in seeking to finance certain classes of credit, even to the degree of requiring you to meet all credit requests in a certain community. You realize that by doing that you would be immediately competitive, not only with the commercial banks, but with Farm Credit Administration units there in that community.

Mr. SCOTT. That is the reason we bring it to the attention of the Congress, Mr. Chairman. We know by actions that have been taken that the Congress wants these rates to be fair to borrowers of Farmers' Home.

But here is a problem that has developed, and we are calling it to your attention.

Senator HOLLAND. Let me see if I understand it.

Let's go off the record.

(Discussion off the record.)

Mr. SMITH. This particular provision was written into the statute in 1946 and is contained in two places in the statute. One is where it relates to qualifying an applicant for a loan in the first instance, and applies to both real-estate loans under title I, and operating loans under title II, and it also appears in the second place in the statute where the Government is required to write into the mortgage contract that when the borrower acquires sufficient equity in his farm holdings, that he will seek credit from private sources to refinance the Government loan.

The provision has always been a hindrance in the administration of both those provisions with respect to title II loans, because repayment schedules for those loans run from 1 to 7 years, and normally

the interest rate for credit of that character is 5 percent or above, in most localities.

Senator HUMPHREY. I see your point. I see your point, but I want to say now that I think the ultimate effect of this is either to have the higher interest rates of the private lending institutions, or the ultimate effect is to make more FHA loans and less flexibility in terms of getting out of FHA provisions into private credit.

Or ultimately permitting FHA to bring its loan schedule on its interest rates on up.

Mr. SCOTT. The only reason we bring it up is just as Mr. Smith has said, Senator, it is a question in our minds whether we can administer what we understand to be the intent of the Congress.

Senator HUMPHREY. Under the present situation.

Mr. SCOTT. Yes.

Senator HUMPHREY. I understand that, and I am aware of the problems the people are having, not only as farmers, but as small-business men trying to finance anything. Their interest rates are going up and up. I am not about ready to see the Government permit this to happen, even though Government, through the Federal Reserve Board, does it.

I don't want to see it, to see us condone it; to further agree, because this interest-rate business is getting out of hand. I don't know why in the name of commonsense the man should have to pay higher interest rates on short-term loans because he is a farmer, when he doesn't have to when he is something else. He doesn't have to.

Suppose you are running a business house. If you are running a business institution, you can borrow short-term money for less than you can borrow long-term money.

Why should you have to have it conversely on a farm?

If General Motors wants to borrow short-term money, they would get it at a low rate. If Government wants to borrow short-term money, they get it at a low rate.

If the farmer wants to borrow short-term money, he has to pay a higher rate of interest; he has to pay higher. That is what I was taught in college. Isn't it true?

Mr. SCOTT. There is a half-percent difference in our rates.

Senator HOLLAND. I understand that statement.

Mr. SCOTT. There is a half-percent difference—in response to the Senator's questions in the Farmers' Home Administration there is half a percent higher rate on these loans that we would think of as intermediate term loans running up to 7 years, the rate being 5 percent, whereby on our real-estate loans it is 4½.

Senator HUMPHREY. I am not complaining about FHA, don't misunderstand me. I am aware, however, of what is going on in the private banks. Out in our part of the country it is not uncommon to have 7-percent short-term loans and you know it. We have some 8 percent. Not many, thank goodness, but they have been creeping up, creeping up, creeping up, and it is just impossible. You can't make any money borrowing money at 8 percent interest unless you have a grandfather that is willing to dish it out to you. It's just impossible.

Mr. SMITH. Senator, we think we have been quite diligent in attempting to administer the graduation provisions of the Bankhead-

Jones Farm Tenant Act, but this provision has stood in our way since 1946.

Senator HUMPHREY. What would be the effect if you altered it, what would be the effect?

Mr. SMITH. The effect of it would be that we could insist on these farmers that have acquired adequate resources, that will enable them to obtain credit on reasonable terms and rates from private sources of credit that they would be able to do that.

Senator HUMPHREY. What it would amount to, is that you would say to them after they have gotten themselves fairly well established, according to your analysis, that no longer should you be permitted to get the 5 percent loan, or the 4½, but that you must go out to the private bank and pay the 6 or 6½; is that it?

Mr. SMITH. Pay the going rate of interest.

Senator HUMPHREY. Pay the going rate of interest.

Mr. SCOTT. That's right.

Senator HOLLAND. And the alternative is this——

Senator HUMPHREY. I understand this.

Senator HOLLAND. The alternative is this, isn't it, that otherwise you are apt to be left in a position of being directly competitive both with the commercial banks and the Farm Credit Administration units which you fear would jeopardize the functions of your institution in its very worthwhile service.

Mr. SMITH. That's right.

Senator HOLLAND. That is exactly what you are trying to tell us?

Senator HUMPHREY. Unless you increased the amount of loaning authority.

Senator HOLLAND. No, I think it goes farther than that. I may not have the thing correctly in mind, but I think that these genlemen are trying to tell us this: That if we don't change this, that we are apt to be confronted with the situation under which Farmers' Home Administration would be accused, with some facts in support of the accusation, that it is operating in direct competition with the Farm Credit Administration institutions and the commercial banking institutions on a preferred basis where it is taking business away from him. They are trying to tell us, if I get it, that that would jeopardize the continued functioning of their institution, they fear; and, therefore, they feel required to call this to our attention.

I think that I must agree with them, because if they have to operate in a way that is directly competitive, I think it would raise such a curious opposition to their continuance that we would see thrown out of the picture not just these credits that they are talking about now, but the others which are so necessitous that they must be continued.

I don't want to see that kind of a question arise.

Therefore, I think that they are completely justified in calling this situation to our attention.

Do I correctly understand your reasons?

Mr. SMITH. Yes, sir; you do.

Mr. SCOTT. Exactly.

Senator HUMPHREY. Let me ask this question:

What relationship do you have to the Federal Reserve Board on establishing these credit policies for your overall credit policies?

Mr. MCLEAISH. We have no association with the Federal Reserve Board. We discuss the general credit picture with them, but as far

as policies are concerned, we have no relations with the Federal Reserve.

Senator HUMPHREY. You don't think you have discussed it with them?

Mr. SCOTT. No, that's right.

Senator, in this period particularly when we know there is some additional demand for credit, there have been some statements made by banks that they need some help. We have talked with Governor Sheperdson particularly who is a recognized agriculture man on the Board, about things that the banks might do and the banking system might do, so that they could be of greater service to agricultural borrowers during this period. We have had many discussions of that kind.

It has been in that service field. If we have new policy proposals, we always check with the Governor of the Farm Credit Administration, and often with some representatives of the banking institutions to see if they feel that we are proposing something that would be competitive with them, and always in the understanding that we are not expected to get into that position.

But beyond that, we do not have any further contact with them.

Senator HUMPHREY. I understand the desirability as expressed in the law. I am not going to say that I fully agree with it, but I understand what the law is about not being competitive. But I also understand the Federal Reserve Board has a great deal to say about the total overall credit structure of this country, and I can't quite get through my head how we can permit the Federal Reserve Board to go along and tighten up credit, and raise interest rates on the basis of their evaluation of the total economy without due regard to what is happening in some segments of the economy.

That is what I am trying to get at. I know what is happening to interest rates. So do you. They are just going up. And I am opposed to it. May I say I am not the only one that is opposed to it; I can bring you volumes of material that has come out the last month from the leading financial journals of this country that the present Federal Reserve program is a dangerous program.

Now, what I am getting at is whether or not because the Federal Reserve Board has done this, and therefore private interests, the interest rates of private firms are going up, that the Federal Housing Administration is just going to go along and say that somebody else has set the pattern and we are going down the road at higher interest rates, so we will just have to sort of tag along.

Mr. SCOTT. We are not proposing increases in FHA rates.

Senator HUMPHREY. You are not proposing a proposed increase in FHA rates, but what you are proposing is that many farm people can no longer be eligible for, if I can use the word "enjoying," or "participating," in what is a fair and reasonable rate, and, frankly, even 5 percent is more "high" than "reasonable." It is quite excessive. It is a high interest rate, particularly for what you can borrow money, particularly in terms of what the banks are paying to those of us who are depositors. Building and loans are paying 2½ and 3 and getting 5. They are doing all right.

What I am getting at is, are we permitting ourselves under this schedule to force more and more people to have to pay the 6 and 6½

and 7, when, in fact, a fair interest, and a very good price, would be 5 percent?

Mr. Scott. Senator, we have frankly stated that that is what would happen here. That is the reason we are raising the question with the Congress.

I am sure you realize that in this type of loan there is a great deal of highly specialized assistance.

Senator Humphrey. I am familiar with that.

Mr. Scott. In the Farmers' Home Administration, our people, we think, are very capable in developing practical farm programs and sitting down with a fine understanding of farm problems, and a very sympathetic attitude and working out difficult credit problems, and helping. The files are filled with examples of fine service that they have been to good farm families who were unable to get needed credit elsewhere.

Now, that is a very time-consuming operation. We don't complain about it. It is our job and we are delighted to do it. But it does limit, obviously, the number of good farm people that we can help to the extent that we have these folks that have, with this help, reached the place where they can stand on their own feet and go right over and get credit elsewhere on the same terms as other lenders—we limit ourselves in our ability to help other young farm families.

Senator Humphrey. I can see your point of view, and I want to compliment the FHA. I am well aware of what work you have done in our part of the country and around the whole Nation.

But what I am concerned about is what I consider to be a kind of acquiescence in what I personally believe is a wrong economic policy.

This is my chance to say it. I think that FHA is doing a good job. I think it ought to be given more opportunity to do a bigger job. But what I am concerned about is that we are getting these higher interest rates not through you, sir, but there is a lack of correlation in this Government over credit policies. You have very little to say about what the Federal Reserve Board does, if anything, except to come up and speak to them and say hello, and this is the way we feel about it.

Mr. Scott. I can assure you that we are just trying to run our own show, and we are not involved in any of these rate questions.

Senator Holland. Of course, I think the record shows abundantly here that there is a much greater field than there has been before that needs the services of FHA.

Senator Humphrey. Correct.

Senator Holland. I think that the witnesses are trying to tell us that the situation which might force them to serve an area that is not in real need of their service, but that can pay the going rate, whatever it is, ought not to continue.

They are calling attention to it because they want to be left in existence, with added funds and with added powers, to serve a much larger field of need for credit which they think is of such nature that it can be served only by them.

They don't want the point of friction to continue, which is getting much more noticeable under present conditions.

They are calling that to our attention.

All right. Have you come now to S. 3559? That is the emergency loans.

Mr. Scott. Yes.

Senator HOLLAND. I believe I finished the brief mention of the points you made under the other title.

Mr. SCOTT. That is right.

Senator HOLLAND. Let us come to 3559.

That, in effect, is the one that deals solely with emergency loans; is that correct?

Mr. SCOTT. Yes.

Senator HOLLAND. Are you trying to tell us that you have had no lending authority since May 7, 1956, and that you need the enlargement of your lending power and the extension of your emergency loan power?

Mr. SCOTT. That's right.

Mr. Chairman, this is a very helpful emergency lending authority which the Congress has given us. It is limited in several ways, but principally we can make loans not in excess of $15,000 per individual. We do not have authority to make any refinancing advances.

But we can go in on an extra risk basis and provide for the essential costs that will keep these farm people operating. And it is very helpful to other lenders who find it possible to cooperate with the local office of the Farmers' Home Administration and carry along with good farm people, and not find it necessary to increase their loan which may be somewhat heavy.

Right now, we have a limitation of $15 million in loaning authority. We have reached that limit. We have had to stop accepting applications. We think we could make very effective use of loans that might ultimately run up to an additional $50 million authority.

Senator HOLLAND. So you are asking for an additional $50 million authority?

Mr. SCOTT. Yes.

Senator HOLLAND. You are asking for an extension of the present time limit to June 30, 1959?

Mr. SCOTT. That's right.

Senator HOLLAND. What is the present time limit?

Mr. MCLEAISH. 1957.

Senator HOLLAND. You are asking then for 2 years' extension of time?

Mr. SCOTT. Yes.

Senator HOLLAND. Are those the essential provisions that are in S. 3559?

Mr. SCOTT. That's right. We have the revolving fund. We have funds available. It is just a case of lifting the ceiling on us, and it is proving to be a very helpful type of credit.

Senator HOLLAND. I couldn't conceive of their being any opposition to that under present emergency conditions prevailing in so many parts of our country.

Mr. MCLEAISH. This is really an economic loan. We have funds where there is drought and disaster. It has been very helpful particularly when we run short of subsistence and production money.

Senator HOLLAND. Does 3559 meet the need?

Mr. MCLEAISH. It meets the need in that field. It supplements the regular P. and S. program for operating purposes.

Senator HOLLAND. I notice that 3559 was introduced by——

Senator ALLOTT. Senator Aiken.

Senator HOLLAND. Senator Aiken for himself and others.

Is this an administration request?

Mr. SCOTT. That's right.

Senator HOLLAND. This is a request already approved by the Administration and by the Budget Bureau as to amount, as to the time of extension and as to the need, both added money and extended time?

Mr. MCLEAISH. Yes.

Senator HOLLAND. Senator Humphrey, do you have any questions on this?

Senator HUMPHREY. We are not acting on it?

Senator HOLLAND. No; but my own feeling would be that we would be justified in separating this bill from others here and reporting it out for immediate action. I was going to suggest that course to the subcommittee as soon as we heard all of the statements that relate to this particular measure.

Mr. SCOTT. Senator, we are delighted to hear you say that. I know the Secretary would be, too, because we are very much concerned about the fact that we have had to stop taking applications. If we could get this one through quickly, it would be a great help to our service.

Senator HOLLAND. I don't believe I have heard from the Administration, but I have heard from the various farm organizations and apparently all of them feel that that is a justified course. We have their witnesses here to be heard very shortly. I am glad to know that that is the Administration's position also.

Mr. SCOTT. Yes, sir.

Senator HOLLAND. All right.

Does that complete your statement?

Mr. SCOTT. Yes, sir.

Senator HOLLAND. And the statements of Mr. McLeaish and Mr. Campbell and Mr. Smith?

Senator ALLOTT. Mr. Chairman, may I ask——

Senator HOLLAND. Senator Allott.

Senator ALLOTT. Is it your intention to hold further hearings because my statement raises various questions with respect to farm credit which I think these gentlemen should answer or explain, or which I would want answered or explained at some other place. I was sorry we didn't go through that statement because of that fact.

I am not sure, perhaps this is the best place to do it, and will I have an opportunity on another occasion, perhaps, to raise these questions?

Senator HOLLAND. I am perfectly willing to hold the hearing open and to call them back for cross-examination if you wish questions propounded to them.

I have not had any such list of questions submitted to me, and frankly, I am anxious to act on S. 3559 within the speediest time possible, or any other acts that deal with emergency situations and then leave such additional short period of time as may be required to go into other matters.

I don't think any of these matters should be held up. I am not anxious to hold up any of them.

I want to act on them speedily, but we are told by the agency that makes emergency loans to farmers who are in distress for one reason or another, including economic distress, that their funds are out, and

that there is a real need not now being met. I think we should make that an occasion for speedy action.

Senator ALLOTT. Is there any question as to S. 3559?

Senator HOLLAND. I understand, and you are agreeable, are you not, for us to complete this hearing and the witnesses who have been requesting hearings for some time and then for us to act upon anything we can that requires emergency action. Then we can have them or any other Government witnesses back for any subseqent examination or cross-examination.

Senator ALLOTT. Would it be the Senator's wish, then, that any questions I have to ask of these men, gentlemen, that I submit the questions in writing to the chairman?

Senator HOLLAND. I will be glad to allow you the privilege of personally coming and addressing the questions. I do feel, however, that today is not the time to go exhaustively into——

Senator ALLOTT. I appreciate the Senator's view, and I am glad to have that clarification.

Senator HOLLAND. In other words, the reason for scheduling the hearing on all of these bills is that we have had requests on all of them. We have been tied up in the general farm bill, and I have been tied up personally in appropriations, as the Senator knows.

I wanted to get sort of a bird's-eye view of all these bills and those that require immediate action, if any, and certainly S. 3559 has already been shown to be in that category.

At least, it is my hope the subcommittee will take that position, and then the full committee, too, so we will get quick action.

We will take such time on the other bills as may be necessary to explore them as fully as may be required.

We don't have to take them as they are, even if they are good bills. Maybe they need some additional provision in them. But this bill, S. 3559, seems to me to be very necessary to meet a very pressing immediate need.

Senator HUMPHREY. I think so.

I want to ask, Mr. Chairman, does this bill, S. 3559, permit the refinancing of existing indebtedness?

Mr. SCOTT. It does not, Senator. There is no authorization for refinancing. This is just——

Senator HUMPHREY. Isn't that quite an urgent need?

Mr. SCOTT. There is a need for that, but this is one of the most effective authorities we have to go in and work with banks and PCA, and other creditors who are glad to go along with their folks, but their loans have reached a state where they just cannot. They cooperate well with FHA, and we can go in and put up additional funds that are needed and not disturb their security position particularly. It is extra risk credit. It is very helpful.

Senator HUMPHREY. You are not asking for any authority for refinancing existing indebtedness?

Mr. SCOTT. We are in S. 3429, but this is a separate one we had hoped would be treated just as the chairman has indicated.

Senator HUMPHREY. You want prompt and immediate action, and not to get into another discussion.

Mr. SCOTT. That's right.

Senator HUMPHREY. I know that this is needed. There is no doubt about that.

Senator HOLLAND. Now, we have some farm organization witnesses, I believe, who are here and who have indicated by a note sent up that they can be heard very speedily.

The debate on the farm bill is already underway, but if we can complete this testimony hurriedly, I would like to do so.

Mr. SCOTT. Thank you very much, Mr. Chairman.

STATEMENT OF JOHN J. RIGGLE, SECRETARY, NATIONAL COUNCIL OF FARMER COOPERATIVES

Senator HOLLAND. You may proceed.

Mr. RIGGLE. Mr. Chairman, I have just a brief oral statement to make with regard to the emergency situation in Oregon which is covered by S. 3850.

This is an area where they have established an industry of growing tree fruits for a great number of years.

This is the second disaster that has hit them in a period of about 40 years so that it is a rather well stabilized area of this type of industry.

Now, in this freeze last November the capital structure was practically wiped out because the trees were destroyed. The value of the land without the trees is pretty slim, you see.

The farmers, most of them—there are all conditions, of course, in this area—there are all conditions of the status of their finances, and so forth. Some of them are in debt, and some others are not. The older ones probably are not so much in debt, and some of the newer ones probably are more so.

There are all the usual conditions applying to a disaster area.

Now, our people out there have called this to our attention, and we have investigated. We find that the Farmers Home Administration is not empowered with the authority to handle this kind of a situation because of the fact that they require payments to begin, repayments on loans to begin within a 2-year period.

Also, because of the limits on the length of time which they give on real-estate loans, or loans that have to do with improvement of real estate.

So we have consulted with them, and it is our recommendation in connection with this emergency that they be given some additional loan authority, along the lines embodied in S. 3850.

Senator HOLLAND. Is there any precedent for a long-term loan to replace disaster-destroyed things?

Mr. RIGGLE. There is none. That is the thing that confronts us under the situation.

Senator HOLLAND. Was there any action taken last year when the peach industry was pretty well wiped out in the same way below here?

Mr. RIGGLE. At that time the crop was destroyed, but the trees were injured to a very slight extent. This is the first one that has come to our attention, I think, where the trees, the whole capital of the industry, has been wiped out, where they have to start over again from scratch.

Senator HOLLAND. Of course, the Texas people had that experience.

Mr. RIGGLE. Yes.

Senator HOLLAND. In their freeze, which destroyed their grapefruit trees about 4 years ago. Was there any legislation passed at that time to——

Mr. RIGGLE. I don't think so.

Senator HOLLAND. To take care of that? This is a case of first impression.

Mr. RIGGLE. This is a case of what?

Senator HOLLAND. A case of first impression. It is a matter that comes up for the first time for congressional action.

Mr. RIGGLE. As far as I know.

Another thing, there is not much opportunity out there for diversified income in the area. There was some in Texas, and I think that is the way they went about it.

Senator HOLLAND. I certainly would not want to appear to be unsympathetic. I lived through the recovery from the so-called great freezes in Florida in 1894 and 1895, where there were not any facilities available. I know something of the pain that was endured at that time and of the fact that we lost a large part of our horticultural population at that time.

And my only reference to the matter as a case of first impression is that it is certainly going to require careful hearings and a cautious approach, because it is a brandnew field.

Mr. RIGGLE. That is true.

Senator HOLLAND. A new field of activity.

Mr. RIGGLE. However, there are certain experiences in the background of that country that I want to point out, that the industry was able to establish itself, and that pretty well points toward the terms of the credit to be needed to reestablish it, and also there is this added thing that there isn't too much income alternative in that area in the meantime to carry them along.

We think it should be considered as an emergency measure and should be handled as soon as possible because there are no answers at the present time, and unless they get answers pretty soon it means that the alternative would be to liquidate the industry by default.

Senator HOLLAND. All right. Thank you, sir.

You didn't want to be heard on any of these other measures?

Mr. RIGGLE. No, sir.

Senator HOLLAND. We will hear, then, from John Baker, coordinator of legislative services, National Farmers Union.

Mr. Baker.

STATEMENT OF JOHN A. BAKER, COORDINATOR OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. BAKER. We think, Mr. Chairman, that this subject matter that you have under consideration is one of the very most important subjects that Congress needs to address itself to at this time.

I have a brief statement here which I can read, or we can proceed some other way at your discretion.

Senator HOLLAND. You may approach it as you think most effective. We don't want to conclude or close the discussions, but we are anxious to get to the farm debate and participate in it.

Mr. BAKER. Probably the quickest way to do it would be to read it.

Fulfilling the need for supplementary farm credit is of great national importance at this time. As we see the situation, need for supplementary farm credit ranks second in national importance, right now, only to the need to reverse the downward trend in farm income. I shall not address my remarks to the detailed provisions of the several bills under consideration by the committee.

Instead, I shall present and discuss the basic principles we hope you will carefully consider in drafting the comprehensive supplementary farm credit bill you will report.

To put the full picture before us, may I state quite concisely the several propositions related to this matter. I shall discuss each of them more fully in the course of my statement.

1. The farm credit situation has these past 2 weeks reached a crisis stage, as has been pointed out earlier this morning.

2. The need of the times is for a new and broader concept of supplemental farm credit.

3. This need can only be filled by a comprehensive extension, expansion and broadening of existing supplementary farm credit legislation.

4. Small businesses in rural areas, as well as farmers, are involved in the growing credit crisis and the solution to their credit problems should be incorporated in the comprehensive supplemental rural credit bill your committee will draft.

5. Existing limitations on the size of Farmers' Home Administration loans should be substantially raised to accord with the requirements of modern economically adequate family farming.

6. Interest rates charged on all Farmers' Home Administration loans should be reduced to the level provided by Congress for emergency, and disaster-type loans.

7. Authorizations for total advances should be greatly increased above the existing level.

8. Eligibility for direct and insured supplemental farm credit of the various types provided by Farmers' Home Administration should be expanded to all farm operators and rural small businesses who are unable to obtain from commercial sources the needed types and kinds of loans on reasonable terms.

Senator HUMPHREY. I wish Mr. Baker would excuse me. I have a matter that has to go in the record, and we have to be there by 12:20.

Mr. BAKER. It is important that you be on the floor, Senator.

Senator HUMPHREY. Yes, sir; I had better get over there, if you will excuse me.

Senator HOLLAND. I want to announce to those here that we have a joint session with the House, in which all Senators are summoned to the floor at 12:20. So I am hopeful that we can hurry the organization statements to a close, or else understand that we will try to reach the rest of you sometime in the afternoon.

That will be dependent upon the farm debate, because we know that is underway, and we just cannot ignore that fact.

We will let this witness continue and conclude, if he can, by 12:20; and the other witnesses we will have to try to reach sometime in the afternoon at the convenience of the subcommittee. I am sorry to put it that way. We generally put it at the convenience of the witnesses,

but we have got to be available for the two things, the joint session and the continuation of the farm debate in the Senate.

Mr. BAKER (continuing):

9. We suggest the desirability of eliminating the termination date for the various types of emergency, and disaster loans, thus putting the programs on a permanent basis.

10. Repayment periods and repayment schedules should be established upon a fully variable basis to account with the income-earning characteristics of the production process financed by the loan proceeds.

11. A broad supplemental farm and small-business credit program to refinance existing indebtedness is required.

12. We strongly urge the enactment of the supplementary farm loan authorization and other programs required to establish a fully significant crash program to completely eliminate rural poverty from the United States within the next 10 years.

Many good, ordinarily fully adequate, family farmers have found themselves unable to obtain an adequate line of credit to put in this year's crops. We are told that Farmers' Home Administration funds for various types of emergency loans are exhausted. This, with the pipeline full of already-approved loans, which cannot be honored.

Production-loan funds, we are told, were last week 97 percent exhausted, with nearly 2 months left in the fiscal year.

Apparently funds or authority are not available to meet the Oregon and Washington orchard freeze situation. They have been unable to obtain the credit that they have needed for that, and it is very rapidly approaching a crisis in that area, as previous witnesses have pointed out, and there will be other witnesses.

I would like at this time to save the time of the committee, and instead of reading it into the record, I submit for the record a statement made yesterday by Congressman Metcalf.

Senator HOLLAND. Without objection.

Mr. BAKER. And also a brief item from the Wall Street Journal, which points up interest on farmer's debt reported up 7 percent last year, and for different types of debts how much they have been increasing.

Senator HOLLAND. Without objection.

Mr. BAKER. Also for the record, Mr. Chairman, last week and the week before I spent 4½ hours on the witness stand over in the House Subcommittee on Farm Credit, and here is a letter from Mr. Moody Rankin, secretary-treasurer of the Winter Garden Production Credit Association in Crystal City, Tex., commenting on my testimony over there.

I would appreciate that being placed in the record.

Senator HOLLAND. Without objection.

(The extension of remarks of Hon. Lee Metcalf; the excerpt from the Wall Street Journal, and the letter from Moody Rankin, referred to, are as follows:)

HAS THE SUN GONE DOWN ON REALITY?

Extension of remarks of Hon. Lee Metcalf, of Montana, in the House of Representatives, Tuesday, May 8, 1956

Mr. METCALF. Mr. Speaker, I wish to call the attention of my colleagues to thse words in the committee report on H. R. 11177, the Agriculture Department appropriations bill which we passed yesterday:

Farmers' Home Administration: * * * In the opinion of the committee, attention should be given to a thorough study of the organization and programs of this agency. Recent reports concerning the administration of this organization have been a source of concern to the committee.

Mr. Speaker, I, too, have had reports which have been a source of concern. Valid complaints about the harshness of Farmers' Home Administration collection policies first came to my attention at a meeting in Hamilton early in December 1954.

In general, they dealt with the impossibility of meeting a repayment schedule, set up several years ago, with today's farm income—which is down about one-third from 1951.

The result has been that many farmers, among them war veterans who have entered the industry in the past few years, do not even have enough money left over to eat or to dress their children properly for school—much less buy seed and fertilizer for another crop, repair and replace machinery, or meet other obligations such as mortgage payments.

I was told that the Farmers' Home Administration, Ravalli County supervisor, Mr. Hector E. Rodgers, had stated that of 131 loans in Ravalli County, 80 had been made on uneconomic farm units and that he intended to close them out. Mr. Rodgers was quoted as saying 120 acres is the minimum economic unit in the county.

I asked anyone injured to write me, giving his experience with the Farmers' Home Administration. Each of the specific cases I received was sent over to Mr. R. B. McLeaish, FHA Administrator. He, in turn, took up each one with the Montana FHA director.

On January 22, 1955, Mr. McLeaish came to my office at my invitation to discuss the situation which, at that time, I understood to be confined to Ravalli County.

He assured me that everyone whose financial condition had changed for the worse since the original contracts were made would be given an opportunity to get money for fertilizer, for feed, seed, and for living expenses, even though such withholdings might reduce the Government's share below the required payment.

Mr. McLeaish said he was exploring the possibility of rewriting the payment contracts but, at that time, he did not feel that the notes themselves could be altered.

Although a delinquency would result from release of money for other expenses, including taxes, Mr. McLeaish said all those unable to meet their payments due to a change of markets or reduced farm income would have an opportunity to work out their indebtedness. He said foreclosure was the last thing they wanted to try.

There was discussion of Mr. Rodgers' statement relative to closing out the uneconomic units. Mr. McLeaish said that since the Department had made the loans on these farms, every effort would be made to help the people solve the problem.

This understanding was confirmed in writing by Mr. McLeaish last spring.

Because I heard nothing further from those concerned, I assumed Mr. McLeaish was keeping his promise to give sympathetic consideration to each individual situation.

I was shocked to learn that he was not—and that the attempt to make over a lending agency into a collection agency and thereby change a traditional economic pattern was not confined to Ravalli County.

Just before I returned home for the Easter recess, I was visited in my office by a farmer from Broadwater County. He described the same situation in his vicinity. When I was in Montana last month, I talked to farmers in the vicinity of Townsend and Polson. Several people came to see me about this when I was in Missoula.

As new cases come in, I am continuing to call them to the attention of the Administrator. In addition, I am making my files available to the House Committee on Agriculture which is holding hearings on farm credit bills, among them mine to declare a 1-year moratorium on 4 classes of FHA loans.

[From the Wall Street Journal]

INTEREST ON FARMER'S DEBT REPORTED UP 7 PERCENT LAST YEAR

WASHINGTON.—Farmers paid $950 million interest on debt in 1955, up 7 percent from the year before, the Agriculture Department reported. Interest charges probably will amount to $1 billion this year, the agency predicted.

Most of last year's rise, according to the analysis, resulted from increased borrowing. Higher interest rates also boosted the total a little, it added.

Farmers borrowed more money in efforts to extricate themselves from the "cost-price squeeze," the agency said. They expanded real estate debt 10 percent ot $9 billion and non-real-estate debt 8 percent to $7.9 billion, using credit to pay production expenses and to maintain efficiency by installing improvements and purchasing land.

WINTER GARDEN PRODUCTION CREDIT ASSOCIATION,
Crystal City, Tex., May 14, 1956.

Mr. ROBERT G. LEWIS,
Editor, National Farmers Union,
Washington, D. C.

DEAR MR. LEWIS: Thank you for your letter of May 9 and a copy of testimony offered by your legislative director, Mr. John Baker, before the House Agriculture Subcommittee.

It is certainly gratifying to know we have one farm organization that understands the problems of the people who are engaged in agriculture and we definitely appreciate the fine work and efforts on the part of your fine organization in behalf of our industry.

I am well aware of the fact that our farm and ranch people are in a squeeze throughout the entire United States, but I do not believe the situation, on a national basis, compares to the conditions that prevail in the 6 years. The farm and ranch people in this area face conditions that have never prevailed in agriculture and we compare the situation to the darkest days of the depression in the early 1930's. Name an industry that could withstand the following jolts and stay solvent or even in business: 6 years of drought, creating excessive feed bills, successive crop failures, lightweight calves, small calf crops, higher costs of operation annually, declining prices for farm products, the highest rate of interest for agricultural credit in the past 23 years and good prospects of still higher rates, and above all, a flat 50 percent or more loss in the cash value of all livestock inventories in the past 4 years. A combination of the above factors has completely wiped out our better operators and they are in business today only because the banks, merchants, PCA's and other lending institutions have the utmost confidence in the ability and integrity of these people and have stood behind them.

There is a definite need for a long-term refinancing program and we wholeheartedly endorse any relief measure that may be formulated and adopted by your organization.

Yonrs very truly,

MOODY RANKIN, *Secretary-Treasurer.*

Mr. BAKER. We are now in the third of those eras that have come twice before in this century when the Nation will and must make a major reform in its farm-credit policy.

Growing awareness in the period 1908 to 1914 of the basic disadvantage of farmers in the Nation's money and capital markets led to the establishment of the Federal land-bank system.

Later, the total failure of the then-existing farm credit institutions to cope with the 1921–33 farm depression led to the complete reform and improvement of national farm credit policy and institutions in 1933–34.

Now, in 1956, we seem to be in the middle of another such era of broadening farm-credit concepts, an awareness brought on by the apparent inability of existing institutions and policies fully to cope with the problems of the growing farm depression, and recurrent droughts, duststorms, floods, and falling farm income.

On the heels of the growing farm depression is a mounting farm-credit crisis. This affects small business and labor and community services and clerks and professional people in rural areas, as well as farmers. The needs of the times call for another large progressive search forward to further improve in significant ways the basic national farm credit policy and institutions.

We interpret the introduction of the bills before your committee as a tangible demonstration of this.

When 53 to 55 Senators introduce 13 bills on the same general subject and press for action on them, we interpret that as a democratic response to a felt need.

We have only praise for those Senators who have taken the initiative in introducing and promoting the bills before your committee, even though we are not able to give all of them a flat endorsement. But we are not opposed to them. We think they are striking at a very real and important problem on the farms of America.

Senator HOLLAND. Your statement says "to give any." Did you mean "all" or "any"?

Mr. BAKER. The word I prefer is "all."

We think they are striking at a very real and important problem out on the farms of America.

With specific reference to S. 3850, I want to express our support for the Morse-Neuberger orchard-disaster bill in its entirety, and I want to make a particular point that we support section 3 of that bill, which is not a loan, but is additional assistance of the drought, feed and seed variety that we are familiar with in Colorado and Texas and Kansas, and other drought areas.

While I am on that subject, Mr. Chairman, with reference to your question or your comments a moment ago about S. 3559, we certainly approve the expansion of the loan funds available for those emergency loans and we also support the extension of time provided.

Now, our own suggestion, while I recommended to the House committee, which I recommended to the House committee, was to remove the prohibition against refinancing of existing indebtedness in that bill, or in that law, to eliminate the termination date.

In other words, instead of making 1959 the new termination date, just make it a permanent program so that when 1959 comes around we won't have to extend it another 2 years again. Also eliminate the requirement for proclamation of emergency areas.

And we recommend that $15,000 limitation be eliminated as being way too small for any kind of adequate farming operation.

If a man is in an emergency, a difficult situation, there is a lot of them, being particularly those in Western and Intermountain States, where $15,000 just isn't enough to get them out of any kind of emergency financial difficulty.

We would also urge in case you do split up these bills and don't have a comprehensive bill, if you do not split off the subject matter of S. 3559, something that has got to happen quicker than you can write the rest of your bill, I would urge that at least the loan provisions and preferably all of the provisions of S. 3950, the orchard disaster bill be included in it, because these folks are completely without any source of income from the usual type of farming that they have been engaging in in that area.

Senator HOLLAND. Just one question. You recognize, of course, that this is a brandnew field for Federal agricultural credit?

Mr. BAKER. In one sense, yes, but in an ethical and logical sense, I mean from the standpoint of it is or it isn't a disaster, and whether these people are or are not farmers, or whether they are engaged in agricultural production, and whether they are people.

Senator HOLLAND. There could not be any question on those three matters at all.

Mr. BAKER. The general situation is the same as drought. It just happens that their crop is one that extends over a period of years, instead of one that is annually renewed. It is not quite as different from the special livestock loan approach as it is from the wheat or small grain or annual crop approach.

It is a difference in degree, I will admit, but——

Senator HOLLAND. Livestock can be moved from one place to another. Livestock are not killed by drought.

Now you have got the capital stock of these people destroyed by freeze, which has killed their trees, which will take a good many years to grow back to production again.

That's correct, isn't it?

Mr. BAKER. That's correct.

Senator HOLLAND. Do you know of any precedent under which——

Mr. BAKER. No, sir; I know of no precedent on this type of thing. I do know precedents on muskrats and on silver foxes. A guy who grows prunes, makes a living growing prunes, if he is hit by an unseasonable freeze, he is in such a bad situation, or worse, than the muskrat growers were.

Senator HOLLAND. You couldn't possibly picture the disaster in terms that I would not subscribe to because, as I have just said, I lived through the great freezes in Florida in 1894 and 1895. We didn't come back to the level of citrus production that had obtained before that until 1910–11.

In the meantime, another fine State had taken over markets which we used to occupy, and then we had a long comeback trail in which we have made some progress, but I certainly know from deprivations in my own childhood and young manhood what it means to have your stock in trade wiped out when your stock in trade is trees that take a good many years to grow.

It is certainly a terrible problem.

Mr. BAKER. One thing that might, could be done, Mr. Chairman, would be to make it completely temporary approval, give it a 1 year termination which would give time for these additional hearings and considerations that you mentioned, but at the same time to relieve the immediate disaster problem of some of the folks that are involved in this.

Senator HOLLAND. You mean a relief matter, rather than a replanting and refinancing?

Mr. BAKER. No, I was thinking of a 1-year bill or law along the lines of S. 3850 which would give you time, then, if there were some additional matters that needed to be worked out in connection with it, it could be corrected.

Mr. Chairman, I know that you are giving up your personal time here when you should be on the floor, and that there are other wit-

nesses today which you intend to hold further hearings to hear. If it would suit you, I would like to submit the remainder of this statement, and maybe call me back some other time.

Senator HOLLAND. I think that is——

Mr. BAKER. It would suit me all right.

Senator HOLLAND. I think that is a very considerate offer, and I think that would be well to do. Senator Neuberger is on his way here, and he wants to have his witness, Mr. Gibbons, testify today, and he realizes that it is very unlikely that we can come back.

I have agreed to stay here the 5 minutes that I understand would be necessary to hear Mr. Gibbons.

Is this Mr. Gibbons?

Mr. GIBBONS. If it is possible to be here this afternoon, that will be all right for me.

Senator HOLLAND. I don't know whether we can get back at all, because we have this farm bill debate on the floor.

Mr. Baker, the balance of your statement will be inserted at this point in the record, as though read, and on the resumption of hearing of local witnesses, Mr. Baker will be the first witness to appear.

(The balance of Mr. Baker's statement is as follows:)

Mr. BAKER. Altogether, a total of 12 or 13 bills have been referred to your committee. May I also invite your attention to other bills to provide for a special farm homes water supply loan and still others which provide for loans for beginning farmers and farm enlargement and improvement loans. We have carefully studied all of these bills and find a very great deal of merit in all of them. We hope that your deliberations will cover the entire field and that you will draft a comprehensive supplemental farm credit bill incorporating the good points in all the bills now before you.

Existing legislation covering direct and insured supplemental farm credit loans, is incorporated mainly in: The Bankhead-Jones Farm Tenant Act, as amended; the Water Facilities Act, as amended; Public Law 38, emergency loans, as amended; and Public Law 727, emergency credit, as amended. The 13 bills before your committee would make various amendments in these laws.

The credit needs of family farming are tremendous and growing. Credit should be available at the times needed and its terms and conditions should be adapted to characteristics of farming as a combined business and way of life.

Much of the credit needs of family farming can be met by loans obtained from private individuals and such credit institutions as banks and insurance companies. Farmers themselves can meet other needs cooperatively through credit unions and the institutions of the farm credit system. Together, it should be expected that these sources should supply the great bulk of the credit needs of agriculture.

However, inasmuch as all of these must obtain their funds from commercial money markets and conduct their operations along traditionally conservative financial lines, they find themselves unable to perform the entire farm credit job. Such institutions find it difficult to pioneer in the meeting of newly recognized or newly emerging farm credit problems. They are not set up to use their credit resources in meeting the high-risk needs of severe disasters and emergencies, economic or natural.

They cannot afford to participate in credit operations when a relative high intensity of technical assistance and loan servicing are required to render loaning activities essentially sound from a strictly financial viewpoint.

Moreover, all of these private individual corporate and cooperative institutions have a marked tendency in the absence of outside stimulation to become traditional, custom-bound, and increasingly restrictive in their credit policies.

There is nothing morally wrong about this nor even economically unsound. It simply means that the best interests of the Nation and of farm people require an independent supplemental and yardstick credit operation. This can best and most efficiently be supplied to the Nation by the Federal Government.

We respectfully urge your committee to draft and favorably report a comprehensive bill amending existing credit law to establish the legal authority and provide sufficient funds to meet all of the family farm-credit needs not filled on reasonable terms by private cooperative and other corporate lending agencies and individuals.

This problem not limited to young farmers, nor low-income farm families, nor national disaster situations in specific areas. It is a need that extends across the board. The Farmers Home Administration should be enabled to stand ready to meet any legitimate farm credit need not met by existing private agencies on reasonable terms. This would involve both direct governmental loans and insurance or loans of private lending agencies.

This field is now partially covered by the operations of the Farmers Home Administration under the Bankhead-Jones Act, as amended, and the other legislation listed above.

Existing legislation could probably be construed to authorize the extension of auxiliary farm credit now required by the deteriorating farm-income situation. But the needed authorizations are not clear cut nor mandatory. Moreover, there are various handicapping limitations in existing legislation which should be removed or greatly relaxed.

The two largest gaps in existing authorizations are these: The need to provide for a really significant program to begin to eliminate chronic dire rural poverty in the so-called problem or bypassed areas, where practically everyone in the area, as well as farmers, has poor facilities and low income. We hope you will initiate action in your bill to authorize a "crash" program calling for the cooperative application of all the resources of the Federal Government to eliminate the chronic causes for poverty in such areas.

A second large gap in Federal credit facilities is the lack of authority to make economic emergency loans for refinancing purposes to ordinarily adequate farmers and related small businesses in rural areas whose usual capital and credit resources have become exhausted owing to the 4-year drop in farm prices and income, compounded in many areas by drought and duststorms. This gap would be filled by the new title V to the Bankhead-Jones Act in two of the bills before your committee. In this connection we suggest that the time is here to reactivate the voluntary farm-debt adjustment program that proved so successful in the 1930's.

Existing supplemental farm credit laws, listed above, have unrealistically low limitations upon the size of initial loans and amount

of outstanding indebtedness. All of these limitations should be raised. Of course, there are a lot of small low-income farm families who badly need additional regular and emergency types of supplemental farm credit facilities. But there are also a large number of economically adequate rather sizable family farm and ranch units whose needs simply cannot be touched within the existing limitations. A fully adequate efficient well-developed family farm or ranch often needs as much as 25 to 40 thousand dollars operating capital and as much again in real estate. To ask such farmers to try to adjust to a $7,000 or even a $15,000 limitation is tantamount to requiring liquidation to establish eligibility. Surely we don't want that. Let's keep our most highly developed family farms in business.

This applies alike to the water facilities and soil conservation loans, to emergency and disaster loans of the several types, to the so-called Turner amendment limitation on farm ownership loans, as well as to the pitifully meager $7,000 and $10,000 limitations on Farmers' Home Administration operating loans.

When a fully adequate family farmer is in a financial emergency situation, a loan no larger than $15,000 is often not enough to get him out of his difficulty and enable him to get into a position to overcome his temporary financial difficulty.

Several weeks ago the Federal Reserve System again raised the rediscount rate. This action was said to be justified as needed to stop inflation in many segments of the economy.

Certainly none of us would feel that farmers are suffering this year from inflated farm prices and farm income. We propose, therefore, that 3 percent be set as the maximum interest chargeable on there Federal supplemental-credit loans. The insurance-service charge and other fees should be eliminated so that insured lenders will receive the full 3 percent interest paid by the borrowers.

As I have said, Farmers' Home Administration funds in several important categories are entirely or vitually exhausted. This indicates that annual authorizations should be raised.

As farm prices and incomes have dropped, many farmers who worked at outside jobs for a part of their income now find themselves ineligible for Farmers' Home Administration. With falling farm income, the small outside income becomes a larger and larger proportion of the dwindling total. To overcome this adversity and to make these facilities available to all who farm for part or all their income, we recommend making part-time as well as full-time farmers eligible for such loans with the proviso that such broadened eligibility applies only to those whose farming operations are established in past operations. We see no need now in 1956 to encourage a back-to-the-land movement.

The provisions of the economic emergency refinancing loans in the proposed title V programs should be made available to those small businesses in rural areas who buy and process farmers' produce and who sell supplies and other goods to farmers. The depression of farm income has hit these folks particularly hard. They need help if they are to continue to render effective service to farmers. We do not want them to be gobbled up by vast monopolistic combines and mergers.

We opposed repeal of the disaster and emergency loan legislation as proposed in several of the bills before your committee. On the

contrary, we feel that these laws should be improved. They should be made permanent by eliminating the termination dates.

In several of the existing laws, the maximum repayment periods are too short to fully carry out the intent of the legislation. Special livestock loans to preserve breeding herds in an emergency should be lengthened from 3 to 10 years. Operating loans under title II of the Bankhead-Jones Farm Tenant Act should be at least 15 years instead of only 7.

Mr. Chairman, I thank the committee for its interest and patience. As I have said, you are dealing with a vitally important problem.

Let me say again, more nearly adequate supplies of credit on reasonable terms will no more fully solve the human problems of low farm income than will a mortgage moratorium. But both of these will help tide a lot of good farm people over and allow them to stay on their farms in hope and faith that sooner or later the Congress will be allowed to enact laws that will help to improve farm income and raise it above the deplorably low level to which it is expected to fall in 1956.

We respectfully urge your committee to draft a new comprehensive yardstick farm-credit bill combining the good features of the 13 bills before you, incorporating the principles I have discussed.

May I say in closing, it is always a pleasure to appear before and work with the Senate Committee on Agriculture and its subcommittees. We have full faith that you will draft the very best possible supplemental farm-credit bill that you think you can get adopted by the Senate. We shall do all we can to assist you.

Thank you again for your interest, cooperation, and courtesy. I know that many of you have taken time from other pressing duties to hear our suggestions. We appreciate that. May I also say, we feel and hope that our suggestions will be helpful to you in your deliberations.

For the record, it should be stated, as I have said to many of you personally in the past 4 months, the continued drop in farm income in 1956 certainly cannot be charged against the Congress or its agricultural leaders. We particularly commend the members of the committee who gave up their Easter recess to serve so ably as Senate managers in the conference on H. R. 12, the 1956 farm income improvement bill, which would have added at least $3 billion to farm income in 1956 if it had not been vetoed.

Senator HOLLAND. Senator Neuberger has returned.

Senator NEUBERGER. Mr. Chairman, I am going to be very brief, because actually, Mr. Gibbons needs no introduction by me.

He is manager of the Blue Mountain Prune Growers Cooperative, at Milton-Freewater, Oreg., where I have been many times, and where Mrs. Neuberger began her teaching career. That community has had a terrific problem because of the staggering damage done to their orchards. The community has about 5,000 people, and they were staggered last year by an extremely unseasonable, hard, early November frost. The damage was so extensive that it may take the community a good many years to recover economically.

I think that Mr. Gibbons is going to tell you far more graphically and vividly than I could what it means to a community like this to have 4,000 acres of fruit trees become virtually deadwood overnight, when means of livelihood are lost to growers who have tended these

orchards from the sapling stage to full production, to the hands which have picked the fruit and the workers who processed it—the whole general area—it is certainly going to have a difficult time making a full recovery.

For that reason, Mr. Chairman, I am paraphrasing my testimony to be brief, I want to give my full support to S. 3850, the bill to make emergency disaster loans to orchard operators, which Mr. Gibbons will testify far more fully about than I would.

As you know, the loans made under the bill by the Farmers' Home Administration would not exceed $25,000, would not exceed a period of 15 years at an interest rate of not over 2½ percent.

The Secretary, under the provisions of the bill, can delay initial repayment up to 6 crop years in order to permit the orchard on which the funds are spent to begin bearing income crop.

The Secretary may assume outright up to 50 percent of the cost of clearing dead trees from orchardland after disaster, prior to replanting.

This is a disaster payment and not a loan. And I know that you, Mr. Chairman, who comes from a State which is one of the great fruit-growing areas of the entire world, you can see what has happened at Milton-Freewater, as I did when I was up there last November.

I know you would realize that this is an area which really requires some substantial measure of help and assistance.

For that reason I have a great deal of pleasure to introduce Mr. Gibbons, who will testify before your committee about the immediate needs in that area.

Thank you very much.

(Telegram filed by Senator Neuberger is as follows:)

MILTON, OREG., *May 10, 1956.*

HON. RICHARD NEUBERGER,
United States Senate, Washington, D. C.:

Glen Gibbons, manager of the Blue Mountain Prune Co-op, is in Washington at this time trying to get immediate help for the fruit farmers of the Milton-Freewater disaster area. Please give him all the assistance possible and ask your constituents to do likewise.

Yours fraternally,

CLAUDE MCELRATH,
Master, Stateline Grange, Milton-Freewater, Oreg.

Senator HOLLAND. We will have two witnesses in this situation: Mr. Gibbons, who is here from Oregon, and Mr. McKeever, who is here from Colorado.

Mr. Kendall has arranged for a hearing room just off the floor, and whether convenient or not to any of us, we are going to so adjust our time on the floor that we will hear the statements of you two gentlemen some time during the afternoon, but in the meantime, both Senator Neuberger and I are due now on the floor of the Senate, where we are leaving to go to the House; and we will barely catch them by the time they get there.

(Whereupon, at 12:25 p. m., the hearing recessed, to reconvene at 3:50 p. m., of the same day.)

AFTERNOON SESSION

Senator HOLLAND. The meeting will come to order. We have a request from Senator Mansfield to insert his statement in the record, which we will do at this point.

STATEMENT FILED BY HON. MIKE MANSFIELD, A UNITED STATES SENATOR FROM THE STATE OF MONTANA

Mr. Chairman, when the farm bill passed by Congress was vetoed by the President, it was a great blow to the small family-sized farmer in America. It is unlikely that the new farm bill now before the Senate will provide sufficient aid of an emergency nature to meet the plight of the farmer and rancher.

In light of the present circumstances, the urgency for better credit assistance to farmers is more pressing than ever. The farmers and ranchers who form the backbone of our economy deserve a better degree of income protection than that which they have available to them at this time.

I have joined in the cosponsoring of S. 3790, an omnibus bill which I feel contains the best of a number of proposals, new and old, which will liberalize the Farmers' Home Administration program and provide more direct aid to lowest income families.

Under the present programs farmers are finding it exceedingly difficult to get a fair price for their products in relation to what they have to pay out. As a result they are finding it more and more difficult to pay their debts. Unless something is done this year before Congress adjourns, many farmers will be forced to seek a livelihood in some other enterprise. The most immediate means of bringing some stability back into the farmer's economic status is by easing the farmer's credit.

S. 3790 would provide financing and refinancing credit for farmers and farm-related small businesses in rural areas suffering as a result of the continuing farm depression. The bill would lower maximum interest rates in addition to increasing the size of loans under a Federal farm credit program.

Under the provisions of this bill, the voluntary debt adjustment service would be reactivated. In addition, it would authorize the use of a complete rather than partial "variable repayment plan" which adjusts repayment by borrowers to their ability to pay from year to year.

One of the most important provisions of the bill would authorize a crash program to eliminate rural poverty in the Nation's 500 most poverty-striken counties.

Under the provisions of this legislation, loans would be made by the Department of Agriculture or by banks. Approved bank loans would be insured by the Federal Government.

Under present FHA statutes, maximum loan limitations are unrealistic. Present-day capital needs of a family farmer in most cases are in excess of the $7,000 and $10,000 limitations now on the books.

A variable repayment system would be most helpful and more practical in approaching the farmer's credit program. Under a rigid loan program, a farmer often finds himself in a spot during a year with poor crops while on the other hand, he might have a good crop, he could more easily make larger payments. The suggested provision in S. 3790 would allow the farmer to be relieved of a part, or if necessary, all of the debt installment during a bad year. In a good year, the farmer could pay extra amounts on the principal of his loan.

It is imperative that Congress put forth a sound, constructive credit program during this session of Congress. The success or failure of

the farmer and rancher is of very grave concern to the people of Montana, where some 20 percent of the State's population is very directly concerned with agriculture.

Mr. Chairman, in conclusion I want to stress as strongly as possible the necessity of getting liberalized farm credit policies into operation this year. The provisions of S. 3790 will do this, I hope the committee will report out a bill along these lines in the very near future.

I want to thank the members of the Subcommittee on Agricultural Credit and Rural Electrification for the opportunity to express my views on this matter.

Senator HOLLAND. Off the record.

(Discussion off the record.)

Senator HOLLAND. On the record.

Other statements to be inserted in the record, which I now insert are statements by Senator Beall, another statement by Senator Curtis, statement from Congressman Metcalf.

STATEMENT FILED BY HON. J. GLENN BEALL, A UNITED STATES SENATOR FROM THE STATE OF MARYLAND

I wish, at the outset, to thank you for the opportunity to be heard on the bill, S. 3247, which I have cosponsored together with Senator Allott, its distinguished author and other Senators.

To me, the essentially important feature of this bill is the consolidation of emergency loan procedures to the farmers and stockmen. There are two compelling reasons which cause me to urge your favorable consideration of S. 3247:

First: The purpose of loan legislation to farmers, as contemplated in this bill, is to assist them at times when they need is most, that is, during times of emergency. Of course, the concept "emergency," contemplates expeditious and efficient handling with a minimum of delay. It is one thing for our farmers and stockmen to know that they may receive assistance from the Government during an emergency. It is quite another, and often discouraging for them to realize that there are myriad and complex accumulations of statutes which govern the loans which he seeks to acquire.

It certainly is in keeping with the objectives of emergency loan legislation that its administration be simplified. That is what S. 3247 will accomplish. With a consolidation of the various emergency loan laws into one, any farmer or stockman who finds himself in the position of having to apply for a loan, will immediately know what he may receive in the way of assistance, if his application for loan is approved; and he will have before him a single, simplified procedure which he must follow to acquire his loan.

Secondly, Mr. Chairman, it is important to mention the effect of S. 3247, upon the administration of the law. All of us are interested in the simplification of Government administration. The consolidation of emergency farm loans into one law will most certainly lend itself to greater efficiency and expenditious handling of loan applications and the processing of them. Having one law in this field to administer, the Department will be enabled to conduct its business with greater facility, and, what is certainly understandable, the will

and intent of the Congress, with regard to emergency farm assistance, will be more readily recognizable.

With the enactment of S. 3247, therefore, Mr. Chairman, our farmers, will be secure in the knowledge that they may look to the Federal Government in an emergency, and that their requests for assistance will receive a response commensurate with an emergency situation.

STATEMENT FILED BY HON. CARL T. CURTIS, A UNITED STATES SENATOR FROM THE STATE OF NEBRASKA

Mr. Chairman, I am pleased that the committee is holding hearings on S. 3247. I am in favor of the objectives of this bill. I believe that our procedure for granting loans to farmers and stockmen should be improved.

The year 1955 was a very dry year for Nebraska. Although we are a State of only about a million and one-third people the drought probably caused us to suffer a loss of between $300 million and $400 million in growing crops alone. In a number of places in the State it was the second year of severe drought. This has created a hardship upon many farmers and there are farmers in almost every community who are in need of credit that cannot be supplied by the banks and private lending agencies.

Mr. Chairman, I wish to specifically stress the need for Government credit for a great group of Nebraska farmers and ranchers who never before have called on the Government for a loan. In normal times these individuals have been able to carry on without the assistance of Government credit. They are good risks. They are capable farmers that will, if given help for a few years, be able to make a success of their operation. It is this class of farmers that are presently neglected.

These farmers of whom I speak have not been successful in securing Government credit. There has been a lack of information on the part of both the farmers and the local bankers as to what Government loans were available. The Government's desire to help these people with credit has not been made known to them. There has been a shortage of personnel, applications have been slow, they have been processed with too much rigidity. The situation needs to be improved.

Mr. Chairman, I hope this committee can go fully into the subject and that every improvement in both legislation and administration that appears sound and advisable can be made.

STATEMENT FILED BY HON. LEE METCALF, REPRESENTATIVE IN CONGRESS FROM THE FIRST CONGRESSIONAL DISTRICT OF MONTANA

Mr. Chairman, I appreciate this opportunity to support S. 3790, to bring the existing farm credit program into line with present-day needs. I have introduced companion legislation in the House.

Our bill has five main sections.

It provides financing and refinancing credit for farmers and farm-related small business in rural areas. It lowers interest rates and increases the maximum amount that can be loaned to any one individual. It directs the Secretary of Agriculture to reactivate volun-

tary debt adjustment service. It authorizes a complete "variable repayment plan," which adjusts repayment by borrowers to their ability to pay from year to year. And finally, it authorizes a crash program to eliminate rural poverty in the Nation's 500 most poverty-stricken counties.

I also have introduced H. R. 10956 to grant a 1-year moratorium on emergency, soil and water conservation, farm ownership and production, and subsistence loans. By so doing, I want to give our hard-pressed farmers a breather until they can avail themselves of a credit program tailored to their present needs.

I am sure you have read what the House Committee on Appropriations had to say about the Farmers' Home Administration in the report on H. R. 11177, the Agriculture Department appropriations bill for fiscal 1957.

You recall that in the opinion of the committee, "attention should be given to a thorough study of the organization and programs of this agency." The committee said further that "recent reports concerning the administration of this organization have been a source of concern to the committee."

I, too, have had reports on the Farmers' Home Administration which have been a source of concern, and which demonstrate the need for the legislation before you.

Valid complaints about the harshness of Farmers' Home Administration collection policies first came to my attention at a meeting in Hamilton early in December 1954.

In general, they dealt with the impossibility of meeting a repayment schedule, set up several years ago, with today's farm income—which is down about one-third from 1951.

The result has been that many farmers, among them war veterans who have entered the industry in the past few years, do not even have enough money left over to eat or to dress their children properly for school—much less buy seed and fertilizer for another crop, repair and replace machinery, or meet other obligations such as mortgage payments.

I was told that the Farmers' Home Administration Ravalli County supervisor, Mr. Hector E. Rodgers, had stated that of 131 loans in Ravalli County, 80 had been made on uneconomic farm units and that he intended to close them out. Mr. Rodgers was quoted as saying 120 acres is the minimum economic unit in the county.

I asked anyone injured to write me, giving his experiences with the Farmers' Home Administration. Each of the specific cases I received was sent over to Mr. R. B. McLeaish, FHA Administrator. He, in turn, took up each one with the Montana FHA director.

On January 22, 1955, Mr. McLeaish came to my office at my invitation to discuss the situation which, at that time, I understood to be confined to Ravalli County.

He assured me that everyone whose financial condition had changed for the worse since the original contracts were made would be given an opportunity to get money for fertilizer, for feed, seed, and for living expenses, even though such withholdings might reduce the Government's share below the required payment.

Mr. McLeaish said he was exploring the possibility of rewriting the payment contracts but, at that time, he did not feel that the notes themselves could be altered.

Although a delinquency would result from release of money for other expenses, including taxes, Mr. McLeaish said all those unable to meet their payments due to a change of markets or reduced farm income would have an opportunity to work out their indebtedness. He said foreclosure was the last thing they wanted to try.

There was discussion of Mr. Rodgers' statement relative to closing out the uneconomic units. Mr. McLeaish said that since the Department had made the loans on these farms, every effort would be made to help the people solve the problem.

This understanding was confirmed in writing by Mr. McLeaish last spring.

Because I heard nothing further from those concerned, I assumed Mr. McLeaish was keeping his promise to give sympathetic consideration to each individual situation.

I was shocked to learn that he was not—and that the attempt to make over a lending agency into a collection agency and thereby change a traditional economic pattern was not confined to Ravalli County.

Just before I returned home for the Easter recess, I was visited in my office by a farmer from Broadwater County. He described the same situation in his vicinity. When I was in Montana last month, I talked to farmers in the vicinity of Townsend and Polson. Several people came to see me about this when I was in Missoula. As new cases come in, I am continuing to call them to the attention of the Administrator.

When I testified on April 26 before the Conservation and Credit Subcommittee of the House Committee on Agriculture, I pointed out that the harshness of Farmers' Home Administration collection policies is demonstrated by the agency's records.

The FHA advises me that during fiscal year 1955, $5,463,611 was loaned in the State of Montana in the 4 categories of emergency loans, soil, and water conservation, farm ownership, and production and subsistence. In the same period, collections in Montana totaled $6,451,929. In other words, during fiscal 1955, the Farmers' Home Administration collected almost $1 million more than it loaned in Montana.

Now, in fiscal 1956, through April 6, 1956, loans in these 4 categories in Montana totaled $4,083,594, while collections amounted to $5,569,677 in a comparable period (fiscal 1956 through March 31, 1956).

So, during a major part, but not all, of this past fiscal year, the Farmers' Home Administration collected almost $1½ million more than it loaned in Montana.

In my home county of Ravalli the imbalance is even greater. During fiscal 1955, the Farmers' Home Administration loaned $88,040 in Ravalli County. In that same year, collections totaled $296,251. Through March 31 of fiscal 1956, loans in Ravalli County totaled $28,540. Collections totaled $159,340.

In fiscal 1955, the Farmers' Home Administration collected three times as much as it loaned in Ravalli County. In fiscal 1956, through March 31, the FHA collected almost six times as much in Ravalli County as the agency loaned.

I wish to emphasize that these statistics cover a period when there was a desperate need for farm credit. At least in my mind, the Farmers' Home Administration is not set up to function primarily

as a collection agency—which certainly was its principal function during the period covered by these statistics.

I believe the existing farm-credit program is inadequate to meet the backlog of need following a 4-year drop in farm prices and income, complicated in many areas by drought and duststorms.

I hope this committee will see fit to report this bill.

Senator HOLLAND. All right.

Mr. Glenn G. Gibbons?

STATEMENT OF GLENN G. GIBBONS, MANAGER, BLUE MOUNTAINS PRUNE GROWERS COOPERATIVE, MILTON-FREEWATER, OREG.

Mr. GIBBONS. Mr. Chairman, for the record I am Glenn G. Gibbons, manager of the Blue Mountains Prune Growers Cooperative, Milton-Freewater, Oreg.

My association has been packing and marketing fresh fruits and vegetables from Milton-Freewater area for the past 16 years.

I am here to request that the committee include relief for the Northwest orchard disaster area in the supplementary farm credit bill or favorably report out separately an orchard disaster loan bill.

This is needed because existing farm-credit legislation does not adequately cover this area of our Nation's agriculture.

After considerable correspondence and several conferences with the Farm Home Administration, both locally and nationally, it has been found necessary to seek additional legislation. The weather conditions that brought about the disaster to our fruit orchards was an extreme change of temperature. In the course of a few days' time, the temperature dropped from a high of 65 degrees above zero to a low of 14 degrees below zero. This occurred while the foliage was still on the trees and while sap was still up.

As a result, 95 percent of our fruit orchards have been killed.

Senator HOLLAND. Please state for the record the nature of your fruit orchards and the acreage of each variety.

Mr. GIBBONS. There are around 2,700 acres of prunes, 1,500 acres of apples, and 200 acres of cherries.

Senator HOLLAND. In your cooperative?

Mr. GIBBONS. No. That is in the valley.

Senator HOLLAND. Were they equally afflicted?

Mr. GIBBONS. The entire area, approximately 4,200 acres, has been completely destroyed or nearly so.

These pictures pretty well illustrate the extent of the damage. That particular one shows trees already windrowed for burning.

Senator HOLLAND. The acreage that you have described is bearing acreage of the various——

Mr. GIBBONS. Except for the small amount that was used for ordinary orchard renewal. There is always a certain percentage of various age trees.

Senator HOLLAND. And practically the total acreage was wiped out by this unseasonable bitter cold?

Mr. GIBBONS. We have a couple of very isolated districts, not more than, I would say, 100 acres, that have survived.

Senator HOLLAND. What was the date of this visitation?

Mr. GIBBONS. Right around the 14th of November—completely unseasonable. We have had in that valley better than 50 to 60 years of production history. The last similar freeze was in 1918.

Senator HOLLAND. This was in November 1955?

Mr. GIBBONS. 1955. We had no preparation or weather to prepare the trees at all.

Now, that photograph there is the extent of recovery in our apple orchards.

Senator HOLLAND. Well, of course, the severity of the damage is well shown by your testimony and by the pictures which you have exhibited to the committee.

What is the type of legislation which you suggest to meet the problem?

Mr. GIBBONS. Well, part of our capital requirement, I think, would be met from private capital there in the valley. PCA will come in for a certain share. Federal land banks will meet similar bills. Possibly about 2,000 acres will have to be rehabilitated under an emergency type of loan from the Farmers' Home Administration.

Senator HOLLAND. Is that acreage on which more damage indebtedness is already owed?

Mr. GIBBONS. Not necessarily. There is quite a bit of indebtedness but in a lot of instances we have the families who are older farmers that are just—their land is clear, but they are just right at the end of their rope. Their effort is wiped out. A lot of people, I would say 50 years old, 55 years old, that had developed their orchards and were in a position to more or less live off their orchards for the rest of their lives are absolutely out.

Senator HOLLAND. What is the average size of the holdings?

Mr. GIBBONS. Approximately 15 to 20 acres.

Senator HOLLAND. Does that apply to all three of the fruits you have mentioned?

Mr. GIBBONS. Well, they are diversified. They have a certain amount of acreage in each one. We find that advisable.

Senator HOLLAND. But the average family holding was 15 acres?

Mr. GIBBONS. I would say that would hit it pretty close.

Senator HOLLAND. About how many years from planting are required to put each of these varieties on a commercial basis?

Mr. GIBBONS. About 7 to 8 years. I have in one of those pictures an apple orchard I own myself. In the eighth year I received about $2,000 an acre gross from that particular orchard. You can see these are highly specialty crops that we are growing there that give us a very good return per acre. That is the reason our income is ordinarily high in the valley for the amount of acres involved, and that is the reason the loss is so severe.

A year ago this land was selling from $1,000 to $2,500 an acre. Now, they are up for sale for around $400 an acre.

Senator HOLLAND. What is the value of the undeveloped land there?

Mr. GIBBONS. It is——

Senator HOLLAND. Cleared and ready for planting?

Mr. GIBBONS. At least $500 an acre. Its potential orchard value is more than that because of the proven history of it. We filled a very important part in the Nation's supply of prunes. Of the three States,

Oregon and Washington and Idaho, we produce about one-third of the annual production.

You are familiar with what happened to Florida in 1894. Well, that same possibility exists with us if we delay due to financial circumstances our replanting of these acres.

I might say that as far as I am personally concerned, I am representing an overall disaster committee that was set up in the valley, as well as being manager of the Blue Mountain Co-op. This committee consists of representatives of the chambers of commerce of Walla Walla, Wash., Milton-Freewater, and Pendleton, Oreg., the surrounding industry; the fruit-packing concerns, all of them, and the fruit farmers themselves, the three farm organizations; local businesses, Extension Service, and the county chairmen of both political parties.

It is an example of the way these people have drawn together to meet this emergency. They have taken every possible step to help themselves. But——

Senator HOLLAND. Besides the 4,200 acres of fruit trees that you have mentioned, what other agricultural production is found in the valley?

Mr. GIBBONS. That is our major problem, because we cannot diversify much of this acreage due to the type of soil. It is limited. So that we can replant our orchards and intercrop with cash crops but the chances of enough income there, any more than to meet their living expenses is very doubtful.

It is possible in some cases but it is doubtful that they will do any more than to meet their living expenses. So they need finances to clear the land, replant the trees and then to meet some of their annual operating expenses.

Senator HOLLAND. Well, my suggestion would be that you prepare a very carefully worked up statement of the operations on the average illustrative acreage of each of these types of fruits, unless they are enough alike that one showing will cover all, to show just what might be expected as carrying costs and for how long a period of time before the property became again commercially profitable.

Mr. GIBBONS. We have been working with the Farm Home people and they have with our Extension Service and what not, arrived at a figure of around $600 per acre.

Senator HOLLAND. I think, to mention it again, that since this is an entirely new matter representing a long-range program of very great expense per acre, as compared with the emergency type loans offered which we generally think of here, that you prepare a very careful showing of just what is involved in connection with replacement goals throughout the time of growth from planting to the time, on the average, they would again become profitable.

Do you have anything else, sir?

Mr. GIBBONS. No; that covers it pretty well. I think we have only one major area of disagreement with the Farm Home Administration and that is the repayment of these loans. They have more or less the authority to grant the loans but it would endanger their revolving fund. I mean, it would tie their revolving funds up for too long a term, but in our continued discussions with them, that is about what has happened. That is our major area of disagreement.

They want repayment commencing with the second year, on the principal.

Senator HOLLAND. Well, there is no program that has been adopted, so far as I know, for emergency relief that would be extended over so long a period of time. I don't see how FHA could possibly serve you acceptably under their present legislation.

Now, your testimony in effect is in support of S. 3850?

Mr. GIBBONS. Yes.

Senator HOLLAND. All right.

Mr. GIBBONS. I feel that the Senate bill 3850 is providing for some very prompt and positive approaches to this thing, and one of the conditions that it is intended to correct is permitting the deferment of this loan for up to 6 years. In addition to this, they have section 3 which was designed to render assistance in much the same manner as help is extended to drought and other stricken areas. Through the application——

Senator HOLLAND. Is there any precedence for extension of disaster loans in that area which would go up to anything like this amount per acre, or over this period of time?

Mr. GIBBONS. Probably in relation to the value of the acreage, and the income per acre. But there would probably be some comparison.

Senator HOLLAND. The FHA has told you, very frankly, in their view, new legislation would be required?

Mr. GIBBONS. They would prefer it. They will grant us loans now with the 2-year repayment provision and with the possibility of extending it up to 15 years.

Senator HOLLAND. Well, why is legislation required?

Mr. GIBBONS. Because it is a critical period from 2 until 6 or 7 years when we start to receive any income from the new plantings.

Senator HOLLAND. In other words, the borrowers would have no assurance of extension beyond these 2 years, is that it?

Mr. GIBBONS. Well, that would be one of the qualifications laid down. That they would have to start repaying 5 to 10 percent of the principal after the second crop year, but they consider the crop year after the initial date of the loan, not when it actually starts producing. They say that the law—the history of the law is that it should be loans made within reason. We don't feel the application is reasonable here due to the nature and type of the fruit, and production of it.

Senator HOLLAND. Is there any showing in the record that legislation now on the books had in mind any such loan as this over such a period of time?

Mr. GIBBONS. The old regional Agricultural Credit Corporation, which was set up primarily for northwest fruit growers up in the Washington area was an economic thing rather than a production disaster. And the revolving fund which the FHA has now is an outgrowth of that. It was the fund left over from the administration of that.

Senator HOLLAND. I am familiar with that but I didn't know it permitted long-time loans of anything like that size.

Mr. GIBBONS. There was a tremendous amount of acreage replanted up there in that country.

Senator HOLLAND. For the record, Mr. Gibbons, will you prepare an analysis of—what was that act?

Mr. GIBBONS. Regional Agricultural Credit Corporation, 1938.

Senator HOLLAND. Or else securing the attendance of someone from the USDA who could give us the facts about its operation, amount of loans, time period in which it could run, type of operation which it was designed to sustain, and so forth

All right, proceed, sir.

Mr. GIBBONS. Well, if we don't receive this assistance promptly, there are cases now of extreme distress. The longer we delay, the more chances there are of forced liquidations and eventually destitution of property owners that have been contributing very substantial shares to our national wealth, and they are completely stunned, they are crushed. Their spirit is liable to be broken by the total devastation in that area, and I think to extend them a helping hand at this time is to prove that in our farm programs we are using our hearts as well as our heads. There is a humanitarian approach to this thing that hardly seems just to leave these people face the same thing that you mentioned in Florida. I wonder if our Nation is still operating that way?

Senator HOLLAND. Well, a similar disaster occurred over in south Texas, as you know, several years ago, wiped out their grapefruit holdings and——

Mr. GIBBONS. Some of that was speculative developments. But they had an alternative in their cotton plantings which happened there for a couple of years. They made more money from their intercropping of cotton than they did with their citrus. We have no out similar to that.

Senator HOLLAND. Have you completed?

Mr. GIBBONS. That is the reason we are in favor of Senate bill 3850.

Senator HOLLAND. Thank you, sir.

Here is a statement just sent in by Senator Morse bearing on Senate 3790 and Senate 3850, which I will include in the record at this time, at his request.

STATEMENT FILED BY HON. WAYNE MORSE, A UNITED STATES SENATOR FROM THE STATE OF OREGON

My statement shall be limited to two of the bills now under consideration by the subcommittee, namely, S. 3790 and S. 3850, both of which relate to the need for a more realistic farm credit program.

S. 3790: The bill S. 3790, of which Senator Humphrey is sponsor and I am one of several cosponsors, has been introduced in the Senate for the purpose of meeting a problem that has come to my attention with growing intensity for many months. Farmers throughout the State of Oregon, particularly those on our so-called family-sized farms, have supplied sufficient evidence to indicate that there is a growing crisis developing with respect to their needs for credit. Since 1953, the high interest, tight money policy of the administration has hurt farmers and rural communities.

Boiled down to its essentials, S. 3790 would increase the amount that may be borrowed by farmers through Government lending agencies. It would lengthen the period in which the loan may be repaid, and it would provide urgently needed low interest credit. A feature of special significance is that part of the bill would direct the Secretary of Agriculture to make repayments on all loans variable so that in-

stallments could be reduced in years of low income and increased when yields and prices are good.

S. 3790 would make available to small business, whose interests are closely related to those of our farmers, the opportunity to obtain credit through the facilities of the Department of Agriculture.. The administration's farm program is hurting small-business men as well as farmers. They need more liberal credit terms than those now available if they are to continue in operation during this era of reduced farm purchasing power.

S. 3790 would not put out of business those who are now engaged in the farm-loan business. Instead, it would fill a void. Its plan would operate so as to supplement rather than replace the existing credit operations of banks, insurance companies, and private individuals. It would stimulate the making of sound loans on a more liberal basis.

I shall not extend my discussions of this very meritorious bill because Senator Humphrey, who drafted its provisions, has exceptional ability in explaining, in clear and understandable terms, the technicalities of legislative proposals. I urge the committee's favorable consideration of this bill.

S. 3850: The Milton-Freewater area of Oregon has, for over 50 years, been an important fruit-growing area of my State. Last winter an unprecedented disaster struck these orchards by way of a freeze, which eliminated the bulk of the fruit trees on these farms. The extent of the damage has been very carefully checked by Dean F. E. Price of the Extension Service Experiment Station at Oregon State College. Just today I received a letter from Dean Price, who advised me that last week he visited the Milton-Freewater area. He stated:

> The situation is really bad. The summary of the situation is about as follows: 2,200 acres prunes, 95 percent dead; 900 acres late apples, 75 percent dead; 300 acres cherries, 100 percent dead; 200 acres peaches, 100 percent dead.
>
> There are some 500 or 600 acres of principally early apples that appear to have survived the freeze. It appears to me that there is liberal justification for Farmers' Home Administration loans for the orchardists that have commercial-sized units.

This was not a mere crop disaster. Dean Price's résumé of the damage shows that the November 1955 freeze killed the trees themselves, leaving most of the farmers without the slightest hope for a fruit crop during the next 7 years.

The sad fact is that a majority of the farmers who were hit by this tragic occurrence do not have the means of the financial reserves with which to rehabilitate their orchards. They are faced with heavy costs of clearing out the dead trees, purchasing nursery stock, and bringing the young trees to productive maturity. Activities of this type require money; but the orchardists who have brought their problem to my attention have told me that, even after exercising the most diligent efforts, they have been unable to obtain, locally or through the facilities of the Federal Government, credit which will enable them to do this rehabilitation job under a loan program which is consonant with their practical needs.

Representatives of these Oregon orchardists have talked to officials of the Farmers' Home Administration in the regional office, as well as here in Washington; but their efforts have been futile. The FHA apparently takes the position that repayment installments should

begin soon after the original loan is made. Obviously, such a condition does not accord with reality, because the plain fact is that it takes about 7 years from the time of planting the nursery stock to the time when production commences in paying quantities.

The Milton-Freewater community is, by no means, an experimental fruit-growing area. For more than 50 years the orchards in that part of my State have established their economic value, as evidenced by a fine record of production of an important item of our Nation's food supply. In most instances, the farmers who have experienced this disaster have exhausted their efforts to refinance their farm operations; and unless they can obtain assistance from the Federal Government, and obtain it quickly, there appears to be no alternative other than forced liquidation of some very fine farms. This, in turn, will simply mean that more farm families will have to join the growing numbers who are leaving their farms to reside in urban areas.

S. 3850 would provide an orderly program for supplying financial assistance for the rehabilitation of these disaster stricken orchards.

Under this bill the Secretary of Agriculture is authorized to make emergency loans to orchard operators and owners in disaster areas, designated as such by reason of freeze, drought, hurricane, disease, or other natural causes, provided they establish that they are unable to obtain financial assistance from private sources, and show that they have reasonably good chances of repaying such loans.

Loans made under the bill would be not in excess of $25,000 and for not to exceed 15 years, at 2½ percent interest per annum.

The repayment period would not begin prior to 6 crop years from the date of the loan in any case in which it is determined by the Secretary of Agriculture that the borrower's income will be insufficient to make payment at an earlier date. However, the bill would also authorize variable payments, to meet the situations in which net earnings and ability to pay are higher or lower than normal.

The bill would authorize the Secretary of Agriculture to assume not to exceed 50 percent of the cost of clearing the disaster-stricken orchards and initiating replanting or redeveloping the land.

Mr. Glen Gibbons, manager of the Blue Mountain Prune Growers Cooperative, will supply the subcommittee with further details concerning the needs of the orchardists and the importance of this bill insofar as it relates to their economic future.

In closing, Mr. Chairman, I wish to thank the subcommittee for the courtesy extended in permitting Mr. Gibbons to testify during the course of the present hearings.

Senator HOLLAND. Anything else? All right, the committee will rise.

(Whereupon, at 4:10 p. m., the committee adjourned.)

FARMERS' HOME ADMINISTRATION OPERATING AND HOUSING LOANS

THURSDAY, MAY 24, 1956

UNITED STATES SENATE,
SUBCOMMITTEE ON AGRICULTURAL CREDIT AND
RURAL ELECTRIFICATION OF THE COMMITTEE
ON AGRICULTURE AND FORESTRY,
Washington, D. C.

The subcommittee met, pursuant to notice, at 10:20 a. m., in room 324, Senate Office Building, Senator Spessard Holland (chairman of the subcommittee) presiding.

Present: Senator Holland.

Senator HOLLAND. The meeting will come to order.

Mr. Halvorson, you may proceed.

STATEMENT OF LLOYD C. HALVORSON, NATIONAL GRANGE

Mr. HALVORSON. I want to apologize for not having a mimeographed statement. I had this ready earlier this week, but Mr. Newsom was out of town, and I wanted him to read it.

Senator HOLLAND. No apologies necessary.

Mr. HALVORSON. We are very grateful to this committee for considering at this time the present and prospective credit problems of farmers. The continued decline of farm prices and farm income is certain to continue to show up in intensified credit problems for farmers in the years ahead, even if we might get some improvement in the agricultural situation in the next year or so. However, the prospect of any great improvement in the agricultural situation in the next year or two is not apparent. For this reason, these hearings on agricultural credit are very timely.

Farm income has declined from $17.7 billion in 1948 to $11 billion in 1955 and to a seasonally adjusted rate for the first quarter of 1956 of $10.3 billion. When we consider the capital structure which this income must support, as well as the number of people who are primarily engaged in agriculture, the seriousness of the situation becomes apparent. According to the Department of Commerce there were 8,266,000 people employed in agriculture in 1947. This number dropped to 6,730,000 in 1955. The farm employment figures of the Department of Agriculture are much higher. These figures show that employment in agriculture stood at 10.4 million in 1947 and 8.2 million in 1955. That was a drop of about 2 million.

Of the 8,237,000 employed in agriculture in 1955, 1,896,000 were hired workers and 6,341,000 were family workers. Because rather reliable figures are available on total agricultural production, it is pos-

sible to determine, from farm management studies, quite accurately the total number of man-hours of labor required to produce our total agricultural output. In other words, it is possible now for the Department to determine about how much labor is necessary to produce a bushel of corn, and multiply that labor requirement by the output, and you get a pretty good idea of the manpower requirement, and that comes out to 14,750 million man-hours of labor to produce the agricultural output of 1955. From the best information that I have, I judge that at least 10 billion of these hours were put in by the farmer and his family.

Senator HOLLAND. Ten billion hours?

Mr. HALVORSON. Ten billion hours, by the 6,341,000 workers. That is not quite 2,000 hours per worker, which is about what the average industrial worker puts in in a year.

In addition to this labor input in agriculture, a great deal of capital is required. The total assets of farm proprietors on January 1, 1955, were $163.1 billion. If we eliminate the assets not required for the farming business, we still have left about $148 billion in the actual agriculture plant. Now, if from this we also subtract the farm debt, we get a figure of $130 billion as the proprietors' equity, or proprietors' net worth in the farming business.

In 1955, manufacturing corporations earned over 12 percent after taxes, on the proprietors' equity. This is more than farm operators received for both labor and investment before taxes.

I might point out that if farmers get $2 an hour for these 10 billion man-hours, the man-hour equivalent put into agriculture, that would be $20 billion for labor alone in agricultural production, and $2 an hour, and I take that figure because that is the average in industrial wages today, but on top of this labor input there is this $135 billion of proprietors' equity, and if we consider that farmers were to get 12 percent on that before taxes, that would mean another $14 billion or so, so it comes out to fantastic figures, but still that would mean a net income to agriculture of something like $34 billion to be on a comparable basis with returns to industrial investors and workers.

I should also point out that this net-income figure of $11 billion for 1955 includes produce consumed on the farm of about $1.7 billion and rental value of dwellings of about $1.7 billion, and so when we talk of farm income of $11 billion, there is actually net cash there only of about $7.5 billion for the farm families to live on.

The reason I point these out is to show the tremendous structure that we are trying to support on this small farm income. With the large number of people and this tremendous capital structure, I don't think it can operate very long at this level without serious credit problems.

Reports from banking sources indicate that an unusually large proportion of the loan business of country bankers today is made up of renewals. There is also evidence that many of the farmers are converting their short-term debt into a long-term mortgage debt on their land.

Mr. Newsom put in this note:

> Actually we are now getting reports of bank examiners' insistence on no further credit to meet interest in several locations.

So, farmers are finding that they cannot get these extensions in some areas.

Incipient financial difficulties can, for awhile, be hidden by credit extensions, but sooner or later we must be ready with emergency agricultural credit. Indications are that bankers are willing to go along with delinquent loans or loan renewals for some time, but that at a certain point they begin to wonder whether or not the borrower is a commercial risk. At some point depreciation of the farm capital will probably catch up with the loan balance. Even the cooperative farm credit agencies face a problem here, because they are not engaged in "soft" credit, but in commercial credit, which has to pay its own way.

In other words, the Farm Credit Administration agencies are not the answer to this credit emergency that is coming on. It is also probable that country bankers will face a reduction in the volume of their deposits which, because of the decline in farm income, in effect, reduces the amount of money which is available for lending. They may need to call loans in some cases to satisfy depositors' demands. The Federal Reserve bank is engaged in a policy of credit restriction in order to prevent inflation in the general economy. This has not only tended to force interest rates up but also to restrict the amount of credit available at the very time that farmers need more credit. Some of the country banks have correspondent banks in the big cities, but this system is not to well developed; and secondly, even the big city banks today, I am told, are now on a day-to-day basis determining how much money they can lend to their own customers.

It is our belief that every farm credit leader who is in a position to do so should go along with the farmers, even if they are not able to meet interest and repayment schedules. In fact, in many cases it would probably be good business to lend the farmer more money to improve his farming operation.

There is little, if any, hope that farm income will improve, that is, in the near future. However, in areas hit by a natural disaster, such as drought or frost, there is a probability that the borrowers will, in due time, make a recovery, even if they get temporarily behind on their loans.

Moratorium legislation has passed the Senate, but the moratorium bill has been languishing for several years in a subcommittee of the House Judiciary Committee. We feel that it is appropriate to require lenders to stay with good farmers, even if they are behind on their loans, especially when a so-called rental-payment agreement is worked out. This moratorium legislation, however, applies only to real estate. We believe it would be unfortunate if the Government should, at this time, engage in wholesale refinancing of farm debt, both short- and long-term, when it should be the normal responsibility of the original lender to go through the ups and downs with the farmers, if possible.

In other words, I am saying that we don't think the time has come when we think we have to go in for wholesale refinancing, and we don't want to make this open to any farmer whose lender is getting a little fearful. We feel that most of the existing lenders should stay with their borrowers.

It is evident, however, that there will be some farmers in financial distress in the years ahead, through no fault of their own, but due to forces beyond their control. Either weather or general economic conditions may be the cause. There may be some lenders who are unwilling or unable to go through the emergency with the farmer, so for that reason we believe it is very wise and desirable at this time to

increase the lending authority of the Farmers' Home Administration, so that good farmers will not be forced in foreclosure and bankruptcy during periods of temporary financial distress.

Senator HOLLAND. Well, by what amount do you think the FHA lending capacity should be increased?

Mr. HALVORSON. Well, they don't have authority now, as I understand it, to engage in refinancing to any large degree at all. In fact, refinancing has to be an incidental purpose of a loan. Fifty million dollars might only be a beginning.

Senator HOLLAND. Fifty million dollars is what is included in the pending legislation.

Mr. HALVORSON. Yes, sir. We feel that that might be enough to start, because it is hard to measure exactly how big this problem is, but it might well be that by next fall, or next winter, that that will have to be greatly increased, as we see it from the reports of our people.

But, to start with, it would not hurt to make it more, so long as it does not encourage administrators to go out and use it too liberally, and I don't think that the people now in charge of FHA would use it too liberally.

Senator HOLLAND. You prefer to step into it gradually, with the possibility of being required to further increase the lending authority as we move further into the program?

Mr. HALVORSON. Yes, sir; I think so.

Senator HOLLAND. Rather than to try now to anticipate the future needs?

Mr. HALVORSON. I believe that that is Mr. Newsom's view, $50 million will take care of the situation until Congress would again reconvene.

Senator HOLLAND. That is my view, that we ought to take the thing a bit at a time, remembering that there are commercial institutions and farm credit institutions which are becoming more and more like private commercial institutions.

Mr. HALVORSON. My only thought that I was trying to add there was that it would not hurt to go to $100 million if the administration of the act still didn't become more liberal.

Senator HOLLAND. Well, I see your point and I don't think we should tempt them to be too liberal, regardless of what their own views would be in the matter. I think they would be conservative. Let's not offer too great a temptation.

Mr. HALVORSON. Well, I think that is the Grange's view. You asked me that question and I thought that possibly I would elaborate on my own thought, though.

It is true also that part of the low-income problem in agriculture can be solved within agriculture. There are many farms that are too small to be economic units, and so long as we are concerned, and properly so, about low income in our prosperous country, we should seek a method of raising low-income people to a high-income level in a way where they will then be able to sustain themselves at this higher level later on.

To quite an extent this involves education and credit. In many instances agricultural extension or education alone is worthless without credit, or at least the full potential earning capacity of the farmer is not attained without adequate credit. The repayment record on

Farmers' Home Administration loans is remarkably good, and possibly we should concentrate more of our agricultural appropriations upon attaining more efficiency within agriculture by affecting the structural organization of farms, and the application of managerial know-how, instead of concentrating so heavily upon the matter of price. In other words, all of the problems of agriculture are not due to this price squeeze, you might call it, it is also due to inefficient units within agriculture and this credit is required to solve that.

Senator HOLLAND. The adjustment to a greater and greater mechanization is something that is going to be continued.

Mr. HALVORSON. Yes, sir.

Senator HOLLAND. It hasn't been fully accomplished by a great deal.

Mr. HALVORSON. That requires credit, for two reasons: First, mechanization itself; and, second, for the larger units that are necessary to take advantage of this advance in technology.

The Grange supports expansion of the rural development program and the Great Plains program, and it is well recognized that FHA credit is needed to make the proposed adjustments possible, and that ties in with just what I was saying.

The need for supervised credit is quite different from the need for emergency credit for the adequate size farms with adequate managerial know-how who are temporarily in distress. We must gear the Farmers' Home Administration to handle both problems. There may also be a need for a third kind of credit in agriculture, and which might be called social welfare credit. The Federal Government subsidizes a great deal of urban redevelopment and housing. There may be need for some subsidized credit in agriculture where the sole purpose is to improve the living condition of people who are living under conditions which are socially undesirable from the standpoint of effect upon the children, and the effect upon the community. In this category would fall loans for farm housing to people even who have little chance of ever becoming productive enough to sustain themselves at American standards of living, but whose housing is so poor that it is a hazard to the community from the standpoint of health and social relationships.

The National Grange does not consider subsidized or "soft credit" as good, in itself. We get some of them disturbed by the proposal to try to help farmers by subsidized credit, but there may be cases such as I mentioned, in connection with houses, where subsidized credit without any hope of reestablishing the people on a productive basis is still justified.

Senator HOLLAND. But the Grange does recognize that there is a certain segment of agriculture which is now represented among producers, but which cannot continue to exist; does it not?

Mr. HALVORSON. Yes, sir.

Senator HOLLAND. And it is unsound to try to keep them in business where they can't exist; is it not?

Mr. HALVORSON. That is true, that some of these people never will become self-sufficient as farmers, and shouldn't be subsidized to remain; but then, we must recognize that possibly at times there might be older people who can never make an adjustment out of agriculture, and still who are living in conditions that are very hazardous to their health, that might need some help. And until we can get the answer.

there might even be families with a number of children who are finding it very difficult to find other opportunities, and who in the meantime might temporarily need help.

We have supported the cooperative farm-credit agencies of the Farm Credit Administration from the very beginning, on the theory that these agencies would tailor credit services to the farmers' needs and also eliminate what profiteering or abuses may exist. We believe that for the most part credit should be on a self-sustaining commercial basis, and to us it would be very unfortunate if legislation were passed which made soft credit generally available to farmers on some theory that this would be a good way to subsidize them. We do not want to see the Farmers' Home Administration's lending authority set up in such a way that it competes with commercial lenders. Its lending powers should be carefully safeguarded so that only those borrowers who cannot qnalify for the necessary loans from commercial credit sources should be eligible.

In connection with that problem, remember Mr. Scott's suggestion that the 5-percent criteria is not satisfactory because many of the existing good farmers are having to pay more than 5 percent, so that possibly that criterion of the 5 percent alone should be eliminated and some provision made so that it is only if they can't get credit at prevailing commercial rates that it would justify them getting credit from the Farmers' Home Administration.

Subsidized credit in many cases tends to defeat itself. Subsidized credit for the sole purpose of saving farmers, some at a risk cost, would very likely increase land values to the point where the benefit to the future generation would be lost, to say nothing of the fact that the interest subsidy could continue to be a burden upon the taxpayers. It would also distort our free-enterprise system in the credit field and give the Government a tremendous amount of power over the lives of people.

However, to be specific: We favor amendments to the Bankhead-Jones Farm Credit Act to authorize real-estate loans to owner-operators of the family-type farms for the refinancing of debts under the conditions indicated above. We favor $50 million as an initial annual authorization and more later on if needed.

We have a number of part-time farmers who are members of the Grange. We believe that such suburban living can provide a very good way of life for their families, and that in many cases part-time farming and jobs in certain industries complement each other very well and provide the families with a better level of living.

To some extent, credit for part-time farmers has been a "No Man's Land," and this is unfortunate in view of the fact that if we are to maintain the rural atmosphere for the largest possible number of people, we probably need to make credit available to part-time farmers for home improvement and construction and for production purposes.

Insured loans seem to be a good combination of Government helping business and farmers to the advantage of all. We believe in increasing the authorization for insured loans from $100 million to $125 million annually.

The size of loans should not be so limited as to make it impossible to make adequate-sized loans for setting up an efficient-sized farm, for it is our view that to make an insufficient loan, or to put someone

in the business of subsistence of farming is not only a disservice to the farmer involved, but to all other farmers.

It is also wise to make the duration of the Farmers' Home Administration loans long enough to permit the repayment without an undue burden on the farmers' level of living. Also, if a farmer is to be helped in the event of an emergency, the duration should be long enough to allow normal conditions to return. To call in a loan, or to foreclose on a farmer at the very time that there might be some hope, would not only defeat the purpose of the loan in the first place, but also would be a cruel way of treating the farmer.

We favor authority to renew or extend emergency or operating loans to a 10-year period, when such length term is needed by the farmer.

Credit should be used as a means of enhancing opportunity. The intangible nature and the difficulty of measuring the desire to capitalize on the opportunity thus provided should be a major factor in determining the amount of any extraordinary credit offered. Now, if I may paraphrase that: In other words, the guide in determining the size of a loan to an FHA applicant should be the extent to which they can use credit to advantage, and not some arbitrary level that might be set.

To this end we suggest a careful review of the responsibility and the authority of community committees in conjunction with any likely expansion of such credit.

That concludes my testimony.

Senator HOLLAND. All right, thank you Mr. Halvorson.

(Whereupon, at 10:55 a. m., the subcommittee stood in recess, subject to the call of the Chair.)

(Additional statements filed for the record are as follows:)

JOINT COMMITTEE ON ATOMIC ENERGY,
May 17, 1956.

Hon. SPESSARD L. HOLLAND,
Chairman, Subcommittee on Credit and Rural Electrification,
Committee on Agriculture and Forestry,
United States Senate, Washington, D. C.

DEAR SENATOR HOLLAND: In connection with the hearings by your subcommittee on the bills to provide for the credit needs of farmers and ranchers, I would like to submit for the record the attached letters and memoranda.

As you well know, the drought in New Mexico and the Southwest is now in its sixth year. Many of the farmers and ranchers of my State who heretofore have been considered as having sound and economical operations are just about at the brink of foreclosure. In fact, I am receiving reports that, even though there are no notices of foreclosures through the courts, small ranchers and farmers are being forced into liquidation in order to satisfy their creditors.

The situation would not be quite so serious, even with the drought, had it not been for the price squeeze which has developed in the last 2 years. Emergency credit extended to farmers under section 1 of the act of August 31, 1954, of course, has assisted in keeping some of the ranchers and farmers in business. Loans of various types made by the Farmer' Home Administration under the provisions of the Bankhead-Jones Farm Tenant Act have provided credit in some instances for the development of water for irrigation and for short-term subsistence and operating loans. However, with the extended drought and the continued decline in prices, a different type of credit is needed if we are to preserve the small farm and ranch.

Many of our farmers and ranchers owe money for equipment. They have mortgages on their land and owe money to the Government for subsistence loans. Credit is needed which will enable them to consolidate their loans and be refinanced for a longer period of time than now can be done under the Bankhead-Jones Farm Tenant Act, as amended. The letters and memoranda which I attach from the various county farm and livestock bureaus in New Mexico will bear me out in this respect.

I have joined Senator Aiken in the introduction of S. 3429, and I am of the opinion that this bill would go a long way toward solving the present credit problem of the small farmer and rancher.

I have also joined Senator Aiken in the introduction of S. 3559, which would extend the time for emergency loans, as provided for under Public Law 727 of the 83d Congress, as amended by Public Law 117 of the 84th Congress, through June 30, 1959. Without this authority emergency loans cannot be made in the areas experiencing serious emergencies because of draught or other economic conditions which could not be foreseen and over which the rancher or farmer has no control. I, therefore, urge that both of these bills be given favorable consideration.

You will note that some of the letters which I have attached refer to S. 3184. I believe that S. 3429 will adequately carry out the intent of S. 3184.

Sincerely yours,

CLINTON P. ANDERSON.

OTERO COUNTY FARM AND LIVESTOCK BUREAU,
Tularosa, N. Mex., February 8, 1956.

Hon. CLINTON P. ANDERSON,
United States Senator,
Washington, D. C.

DEAR SENATOR: I am enclosing copy of a resolution passed by the Luna County Farm and Livestock Bureau in regard to emergency phases of the Farmers' Home Administration law. We wish your earnest consideration of the matters contained therein, since the Otero County Farm Bureau's Board of Directors has voted to concur in the resolution because of similar conditions prevailing in our county.

Your interest in Farm Bureau-sponsored legislation in the past has been much appreciated, and we look forward to many more pleasant contacts with you.

Yours respectfully,

CAROL F. JOHNSON,
Executive Secretary.

RESOLUTION

The legislative committee of the Luna County Farm and Livestock Bureau, after serious consideration of the economic situation in Luna County, respectfully submit the following resolution to the New Mexico Farm and Livestock Bureau with the urgent request that it be submitted to the other farm bureaus:

"Whereas a large percentage of farmers in southwestern New Mexico are in danger of losing their farms because of being unable to make high payments; and

"Whereas private capital is unavailable in sufficient quantities to make adequate refinancing loans; and

"Whereas such a large percentage of the farmers are economically involved: Therefore be it

"*Resolved,* The Luna County Farm and Livestock Bureau earnestly requests the change in the laws governing the Farmers' Home Administration which will allow emergency refinancing loans on family-size units."

The Luna County Farm and Livestock Bureau respectfully submit the following reasons for the above resolution:

1. Drastically lower incomes on family-size units make it an extreme hardship to meet payments on short-term loans.

2. Higher cost of production including higher cost of machinery, labor, power, fuel, and living.

3. Offproduction years due to adverse weather conditions, including drought, insects, and cold, short seasons.

4. A high percentage of land was bought at the peak of the economic situation in farming.

5. Severe declines of prices for farm products and the allotment program on cash crops.

6. An extreme shortage of money for long-term financing and refinancing. It has become impossible for a farmer to secure long-term financing.

7. Local estimates are that 18 percent of the farmers in this area are in danger of losing their farms. Where Federal land bank and similar loan programs are available, they are also outdated and so low that they would not take care of the situation.

LUNA COUNTY FARM AND LIVESTOCK BUREAU,
Deming, N. Mex., February 29, 1956.

Hon. CLINTON P. ANDERSON,
Senator from New Mexico, United States Senate,
Washington, D. C.

DEAR SENATOR ANDERSON: We, of the Luna County Farm and Livestock Bureau, are extremely pleased with Senate bill 3184 recently introduced by Mr. Watkins. This incorporates the ideas that we have in mind to alleviate an extremely precarious situation in which we find a big percentage of our farmers.

The legislative committee of the Luna County Farm and Livestock Bureau, representing over 500 farm families, is very anxious to have this legislation passed and put into operation just as soon as administratively possible. A great many of our situations are serious and must be relieved before January 1957.

As our friend Senator Palmer told you and the officials of the Farmers' Home Administration recently, we are particularly concerned about the basis on which appraisals will be made. There is a tendency to put appraisals on past experience rather than on present values and potentials. We are in a changing situation, with a gradual increase in more intensive crops which will naturally increase the value of our land, as well as necessitate increased financing.

We know you are supporting this legislation and earnestly request that you encourage the Administrator and his assistants to set up administrative regulations in a realistic manner.

With best personal regards, I am,

Yours very truly,

SELDON BAKER,
Chairman, Legislative Committee.

SPRINGER, N. MEX., *March 7, 1956.*

Hon. CLINTON P. ANDERSON,
Senator from New Mexico, Washington, D. C.

DEAR SIR: Our county board of directors of the Colfax County Farm Bureau discussed at length the provisions of Senate bill 3184, the other night and came to the conclusion that the principles outlined in such bill will fill the need for refinancing debts of our agricultural people for a longer period and will without doubt ease the financial burden imposed on many to keep operating their farms or ranches with a hope that the agricultural situation will improve.

For this reason, I as county president of the board of directors of the Colfax County Farm Bureau, urge you to do your utmost for the passage of this bill.

We have not seen much activity of late on new farm legislation for this year, but are still behind the Farm Bureau's recommendations for farm legislation. We very much are for flexible price supports and the soil bank as Farm Bureau is supporting until we are finished with our surpluses.

As a champion of agriculture we sincerely hope you will get us what is best for us.

Sincerely,

CARLOS H. PEÑA,
President, Colfax County Farm and Livestock Bureau.

CLIFF, N. MEX., *February 26, 1956.*

Senator CLINTON P. ANDERSON,
Washington, D. C.

DEAR SENATOR ANDERSON: I understand a bill (S. 3184) has been introduced in the Committee on Agriculture to amend the Bankhead-Jones Farm Tenant Act.

I would appreciate your support on this bill as there is certainly need for help to lots of farmers and ranchers that have their farms partly paid for but need money to refinance to save what they have in the farm or ranch.

Thanking you, I am

Yours truly,

NOEL RANKIN.

CLOVIS, N. Mex., *March 7, 1956.*

Senator CLINTON P. ANDERSON,
United States Senate Building, Washington, D. C.

DEAR SENATOR ANDERSON: Inasmuch as we are interested in some of the bills being introduced in regard to the financing of farmers and ranchers, we had a lengthy discussion at our recent board meeting and felt like the enclosed material outlines the essential requirements that any bill should have. I am sending this material endorsed by our country board as a guide and hope it will be helpful in the stand that you take in regard to these bills. Additional information or case historys can be furnished on request. It was the feeling of the board that even though Farmers' Home Administration has several types of loans, none of them meet the specific needs of our people at the present time.

Yours truly,

RAYMOND WORRELL,
President, Curry County Farm Bureau.

1. We believe that the present strenuous regulations under which the Farmers' Home Administration county supervisors operate are causing many loans not to be made because the Farmers' Home Administration supervisor is reluctant to act. We feel that all regulations requiring personal financial responsibility of the Farmers' Home Administration supervisors and others, should be removed except in cases where fraud and gross negligence are clearly indicated. Also, procedures and regulations affecting producers applying for farm and ranch loans should be streamlined inasmuch as many producers will not make applications for Farmers' Home Administration loans because of the redtape and unsatisfactory requirements.

2. The rate of interest on special livestock loans and other emergency loans should be dropped to 3½ percent. Production credit associations are operating on a 3-percent spread, and it is felt that the Administration could also operate on this amount along with one-half percent to take care of losses.

3. It is recommended that the time limit for making special livestock loans and other emergency loans be extended beyond the present 2-year period which expires in July of 1955. We further recommend that there be legislative authority to permit the orderly liquidation of special livestock loans, other emergency loans and regular P. and S. Farmers' Home Administration loans in disaster areas for a period up to 10 years, if needed. Provision should also be made in these loans to allow the borrower sufficient funds to make reasonable land payments.

4. We believe that in disaster and drought areas, a loan program should be set up through the Farmers' Home Administration to enable farmers and ranchers to consolidate all of their financial obligations, excluding real-estate mortgages but not excluding interest on real-estate loans or taxes, into one package.

5. We ask that Congress enact legislation to reestablish the Federal land bank commissioner loan in disaster and drought areas.

6. The Federal land bank should be requested to review their policy with a view to increase appraisal of land to a more realistic value.

7. We feel that some plan of refinancing must be approved. That when a person is financed that a 2- or 3-year plan be set up and that the FHA notify the borrowers 1 year in advance of the time that they are going to go along with him.

NEW MEXICO FARM AND LIVESTOCK BUREAU,
Las Cruces, N. M., February 24, 1956.

Hon. CLINTON P. ANDERSON,
United States Senator,
Washington, D. C.

DEAR SENATOR: At a meeting of the board of directors of the New Mexico Farm and Livestock Bureau held at Las Cruces on February 21, we were asked to do everything we could to see if legislation could be pushed which would enable farmers and stockmen to refinance existing debts.

Senate bill S. 3184 which has been introduced in the Committee on Agriculture and Forestry would take care of the situation in this part of the country. We will, therefore, appreciate everything you can do in getting this legisla-

tion passed as soon as possible, as the situation in this part of the country is very serious.

With kindest personal regards, I remain,

Sincerely,

J. L. AUGUSTINE, *Executive Secretary.*

STATEMENT FILED BY HON. WARREN G. MAGNUSON, A UNITED STATES SENATOR FROM THE STATE OF WASHINGTON

S. 3374, introduced on March 6, 1956, by my colleague Senator Jackson and myself, is designed to liberalize the farm credit program of the Farmers' Home Administration so it can meet the needs of farmers in the Columbia Basin project. The need for this extension of the credit program is urgent.

There are about 350 loans in the Columbia Basin—covering roughly 30 percent of the farms. About 60 percent of these FHA loans are delinquent. Several farmers have been foreclosed and a number of others are facing foreclosure.

This situation is largely attributable to the fact that Farmers' Home Administration credit has been unsuited to the unique needs of farmers in the area. As you know, farming in this area requires pioneering on virgin land. A man does not find an existing, working farm to operate when he moves to the basin. He must build a home and barns, dig a well, and level and prepare the land before he can actually farm. His land must be brought to maturity before it will support a cash crop.

Therefore, a farmer's investments and financing must be geared to the development of his farm unit. In many cases, farmers have pointed out, proper development of their units has been subordinated to the necessity of raising cash crops in order to make repayments on their loans during the first years of operation. Many farmers forced into this type of operation have suffered crop failures because their land is not adequately prepared.

Hundreds of farmers in the area have attended mass meetings to point out their problems and request assistance. When Secretary Benson was in the Northwest these problems were called forcefully to his attention and I have followed up the complaints presented to him at that time with a written request for recommendations from the Department. However, I have not yet heard from the Secretary. On February 10, Senator Jackson discussed financing problems directly with farmer representatives at a meeting in Richland, Wash.

I have explored the needs of the area and believe immediate credit liberalization is a necessity. Although emergency credit has just been granted by FHA to help cover farmers' operating expenses this year, this credit will not be available to many of those in greatest need and is no solution for the long-range problems of the area.

The problems of farmers in the basin project are not entirely a matter of financing. I have received complaints of an "utter lack of coordination" among agencies in the area. Farmers have indicated that recommendations of these agencies are often in conflict and that the most competent criteria are often vetoed by less competent authority; therefore, they say, in many cases farm units have not been developed effectively. Farmers have urged that supervision of farming practices be carried on only by individuals with practical experience who are qualified to do so.

I believe these problems, being related to financing difficulties, must also be considered in planning a solution for the situation in the basin. This may require a complete survey of our needs in the project, based on experience of the last several years. The testimony of the Bureau of Reclamation, the Soil Conservation Service, and other agencies may well be needed to place the problem in complete perspective.

In order to provide you with additional background on the specific problems of farmers in the basin, I am enclosing a copy of a communication from Mr. Harold Eidemiller, secretary of the South Columbia Basin Irrigation District, and a copy of a resolution adopted by the Columbia Basin Farmers Association.

As you know, the Federal Government has encouraged veterans from all over the country to leave established jobs and homes to find a "home and independence" in the Columbia Basin. Therefore, I am sure you will agree that we have an obligation to see that the actions of the Federal Government make it possible for these men to work for and achieve these goals, in line with the opportunities they have been promised.

Mr. Chairman, because immediate action is necessary to prevent many of these farmers from going "down the drain" this year, I respectfully urge you and your committee to give early and favorable consideration to S. 3374, so that it may achieve final passage before this 84th Congress adjourns.

COLUMBIA BASIN FARMERS ASSOCIATION,
Warden, Wash., February 20, 1956.

Hon. WARREN G. MAGNUSON,
United States Senate,
Washington, D. C.

DEAR SIR: The attached resolution was passed and signed February 18, 1956, at a meeting of farmers from the Warden-Moses Lake-Othello area of the Columbia Basin project.

All those attending agreed that unless some definite action is taken immediately to make credit available on a more liberal basis, many of the signer's farms will be lost through the inability of the small farmers to plant and tend their 1956 crops.

FHA credit is now available to a very limited number of local farmers because of requirements that have been imposed for settled farming areas. Local financiers will extend credit only for production loans, carefully scaled to the minimum actual operating costs.

Basin farmers need to have finances available to cover not only production costs but also subsistence and machinery for the first 2 or 3 years.

This is new, raw land, with no humus, no production history, and in most cases, no allotments. Veterans and others coming here with capital and machinery sufficient to farm, find that they must first level and prepare their land, develop domestic wells, build homes, sheds, storage, establish pasture lands, and actually create all the other things that are usually taken for granted in established farming areas.

These things are difficult at best, but coupled with last year's weather and the general inability of many farmers to harvest or sell the crops they had raised, the low markets, and the consequent reaction of private credit, the small Columbia Basin farmer now must have Government backing or face having to sell out to big operators who can finance themselves through such unfavorable times.

An organization called Columbia Basin Farmers Association was formed at the meeting of February 18, 1956, and I was elected chairman. A committee of farmers has been appointed and is now at work on a study of proposed solutions to the finance problem.

Our Government has spent many millions of dollars creating this project to encourage farming by small private operators. Now, because of lack of adequate capital, the small-business men farmers, are in danger, and only the large operators can succeed. We sincerely feel that a solution can be found, without cost, or at a very low cost to the Government. And we know that failure to act now will result in loss of millions of dollars by small farmers who have invested all they own in their farms here.

Our group wants help to solve its own problems; not aid or a dole. We welcome your support, and earnestly ask that you give us the benefit of your experience and influence to assure that some immediate practical solution is found.

Sincerely,

CAL G. TAYLOR, *Chairman.*

FARMERS COMMITTEE RESOLUTION, FEBRUARY 18, 1956

Whereas, we, the undersigned farmers and owners of Columbia Basin irrigation projects farms have met this 18th day of February 1956, at Warden, Wash., to find ways and means to secure emergency Federal long-term financing for production and subsistence during the coming crop year; and

Whereas long-term low-interest financing is essential to the development by private individuals of the small irrigated farms of the Columbia Basin during the early years of the project; and

Whereas the past season's crops and markets were disastrously small, greatly increasing such needs; and

Whereas there is no such satisfactory financing immediately available to the majority of project farms: Now, after due discussion and study of the many

problems, we respectfully request and urge that immediate steps be taken by the appropriate Federal and State authorities to provide, by changes in regulations, or in legislation if necessary, financing to meet the special needs of the farms of this area.

In witness whereof, we have hereunto set our signatures.

(Signed by approximately 150 persons.)

STATEMENT FILED BY HON. STUART SYMINGTON, A UNITED STATES SENATOR FROM THE STATE OF MISSOURI

Mr. Chairman, the consideration which your subcommittee is now giving to farm credit is of special interest to Missouri.

Not only have our farmers experienced the decline in farm income that prevails throughout the Nation, but in addition, some sections of Missouri have suffered from drought 4 years, and all sections have lost income because of insufficient moisture.

Some areas have experienced the driest weather on record. Many sections of the State lack surface and subsoil moisture.

Quite recently Missouri received beneficial rains, but this did not end the drought in all parts of the State.

Because of the sustained dry weather, Missouri farmers were eligible for emergency Farmers Home Administration loans in 1955. Additional loans were available in 1956 for those who received them in 1955.

This limitation of FHA credit was discriminatory and impracticable. It brought a strong farmer protest and resulted in a resurvey of drought conditions and the need for wider credit. Subsequently, loans were extended to all farmers in drought counties regardless of whether they had loans in 1955.

Then early in May, it developed that the $15 million authorized 2 years ago for emergency loans under Public Law 727 were exhausted.

Fortunately, Mr. Chairman, your subcommittee is looking into this matter, and it is my understanding that Senator Aiken has introduced a bill which would raise the emergency loan authorization under Public Law 727 to $50 million. This should be done.

Credit is not the answer to the whole farm problem. However, to the farmer with his back to the wall the availability of credit on reasonable terms may mean the difference between continuing his operation or failing.

Speaking from my experience as a businessman, there were many times when credit was mighty important to the company and to me. In fact, there were times when everything would have been lost if I had not finally obtained credit. Therefore, I am sympathetic to any improvements in the farm credit picture which might help.

Based on my own personal observation, and on many letters from Missouri farm people, I submit some general recommendations for this subcommittee's consideration:

Credit resources are needed for those farmers whose experience and current operations indicate a probability that they will succeed if they can obtain credit, and who are unable to get credit from private agencies or individuals.

Total credit resources should be sufficient that they do not become exhausted during periods of emergency.

Refinancing should be available for those who have suffered prolonged or unusual agricultural hardship beyond their control, and who during the term of an initial loan have been unable to retire the existing debt.

Rates of interest should be given continuing attention to determine if they work an undue hardship on farmers undergoing prolonged emergency.

Loan amounts must be liberal enough to insure that the farmer recipients will not fail because they got a half measure of assistance.

Loans should be available which will permit farmers to adapt their operations to changing agricultural conditions, such as a shift to crops or products considered more desirable for their region and the general welfare.

Farmers should have access to credit to modernize their operations through the purchase of more efficient machinery. This would prevent individual farmers from falling by the wayside in the category of "least efficient producer."

To help them through periods of emergency, such as drought, loans of feed, seed, and other beneficial products should be made from CCC-held surpluses, to be repaid over a period of years in cash or kind.

Declining farm income has forced many sincere and dedicated farmers into part-time work off the farm. Loans should be available to these farm families.

WASHINGTON, D. C., *May 17, 1956.*

HON. SPESSARD L. HOLLAND,
Chairman, Agricultural Credit and Rural Electrification Subcommittee, Senate Committee on Agriculture and Forestry, Senate Office Building, Washington, D. C.

DEAR SENATOR HOLLAND: The Oregon Farm Bureau Federation has called to our attention the critical situation faced by orchardists in Umatilla County, resulting from an unprecedented freeze that has killed a large percentage of the orchard trees in the area.

The American Farm Bureau Federation has favored disaster assistance, loans adaptable to the specific circumstances in particular situations, including the provision that repayment obligations should be timed to coincide with the sale of farm products.

The area involved in the freeze has been declared a disaster area, and is therefore eligible for disaster loans.

The normal disaster loan procedure, being designed primarily for cropland operations, is not adaptable to orchard operations. An orchardist cannot begin repaying the principal until the replanted orchards attain full bearing age.

We therefore believe that need exists for the modification of the usual disaster loan program to recognize this condition peculiar to orchard operations.

In order to provide a type of loan program tailored to the specific needs of orchardists, we believe that the loan should be approximately 15 years, with principal repayments beginning when the trees have reached full bearing stage. The interest rates should be comparable to the interest on other disaster-loan programs.

We recommend that in your consideration of legislation dealing with this problem, provisions be made to accomplish the principles outlined above. We respectfully request that this letter be made a part of the hearing record.

Sincerely yours,

JOHN C. LYNN,
Legislative Director, American Farm Bureau Federation.

STATEMENT FILED BY J. OLNEY BROTT, GENERAL COUNSEL, AMERICAN BANKERS ASSOCIATION

The interest of the American Bankers Association in sound agricultural credit goes far beyond any immediate benefits which might accrue to bankers. The interest of the association reflects the collective interests of the banks of the country in the progress and growth of rural communities. Over 13,000 of these banks serve rural areas. They have $5 billion outstanding in loans to farmers. Community growth and progress are essential to the future of a successful bank. Banks, therefore, have an incentive to contribute to long-run community growth. Reflecting this interest, the association is constrained to question the desirability of certain features of S. 3790.

The intent of this bill would appear to be to make credit cheaper for a broad segment of farmers and farm-related small businesses in rural communities by providing for loans for almost every agricultural purpose on liberal terms and at interest rates substantially below the current level of interest rates generally on the premise that there is a lack of credit facilities available to farmers and others engaged in business in rural areas. We submit that this premise is fallacious.

There is no lack of credit facilities available to farmers or to small business whether farm-related or otherwise. Farmers' credit situations are generally sound. Key bankers in rural areas throughout the country, in replies to a recent survey conducted by the American Bankers Association, indicated they are keenly aware of and are successfully handling adverse credit situations in their rural areas. However, in no major area were delinquencies, distress sales, or foreclosures a serious problem. By and large, bankers have been able to "stick with" all of their farm customers. This has been reflected in the sharp increase in bank loans to farmers during 1955 and in 1956. Farmers also have

available to them the cooperative credit facilities of the Farm Credit Administration. Likewise, there appears to be no justification for authorizing the Secretary of Agriculture to make or insure loans to farm-related small business in the light of existing facilities for small business credit, both private and Government. The Small Business Administration makes loans directly, and in participation with banks, to small business. Its facilities are equally available to farm-related small businesses as they are to other mall businesses. Such problems as farmers and rural business people have do not stem from inadequate credit.

Furthermore, under this bill the eligibility of borrowers for small business loans must be certified by a county committee consisting of farmers. It is questioned whether these people and the staff of the Department of Agriculture would have the necessary experience to pass judgment of such credits.

This bill expands the loan insurance program provided under the Bankhead-Jones Farm Tenant Act to cover various other types of loans. At the same time, it removes existing limitations on the size of loans and the ratio of the amount of loan to the value of the security; reduces the interest rates on such loans; and does away with insurance premiums and other charges in connection with such loans.

Although termed Government insurance of loans, such a program is not, in reality, insurance at all. Unlike the insurance provided under the National Housing Act, lenders under the program provided in this bill not only are fully protected against loss of principal and interest, but also are relieved of all expense in connection with the loans, including servicing and collecting the loans even where the loan is paid in full. In addition, if there is a default, and foreclosure becomes necessary, the Government assumes the entire cost of foreclosure and other charges incident thereto.

The program under this bill provides, in effect, for an investment in a Government-guaranteed obligation. In fact, under section 65 of the new title V—Rural Adjustment Credit which would be added to the Bankhead-Jones Farm Tenant Act by this bill, it is specifically provided that "Any loan insured under the provisions of this title shall be an obligation guaranteed by the United States as to principal and interest * * *." Clearly, it is a misnomer to call this program an insurance program when the Government assumes the entire expense of servicing and collecting the loan, and redeems the obligation whether or not the loan is in default, and all the investor does is supply the funds with which to make the loan initially.

The American Bankers Association is, and has been, opposed to Government guaranty of loans on the grounds that they are, in reality, subsidies which favor certain groups of borrowers. The program in this bill goes further by providing both a subsidy to the borrowers in the form of a low interest rate and to the lenders through the assumption by the Government of all expense in servicing and collecting the loans.

Aside from the foregoing basic objections to the so-called insurance program, it appears unlikely in view of the low interest rates on such loans that they would be attractive to private lenders. This would mean a greatly expanded direct Government lending program to farmers if S. 3790 should be enacted.

The programs contemplated under this bill would require appropriations both for loans and for administrative expenses of the Department of Agriculture in carrying out these programs far beyond any amounts that might be required under the other farm credit bills before this committee.

It seems certain that appropriations of the size that would be required for the programs under S. 3790 would hamper and might even defeat the efforts of the Secretary of the Treasury and the administration to bring about and maintain a balanced budget. Furthermore, since the loans generally under these programs are essentially marginal loans, there appears every likelihood that, long range, there would be severe losses as a result of loan defaults. Such losses would fall on all the taxpayers of the country.

S. 3790 would provide an indefinite extension of the emergency loan and special livestock-loan programs authorized under existing law. In addition, this bill would remove existing area limitations. It is recognized that during certain periods and in certain areas, as a result of drought or other natural disasters, some farmers need supplemental credit to carry them through emergencies. In the case of the existing emergency-loan programs and the special livestock-loan programs, Congress wisely set them up on a temporary basis, so that they could be reviewed periodically to determine whether their continuance was necessary. These programs should be continued on a temporary basis only so long as a need exists and should not be extended indefinitely, as proposed in S. 3790.

NATIONAL LUMBER MANUFACTURERS ASSOCIATION,
Washington, D. C., May 18, 1956.

Hon. SPESSARD L. HOLLAND,
Chairman, Subcommittee on Agricultural Credit and Rural Electrification, Committee on Agriculture,
Senate Office Building, Washington, D. C.

DEAR SENATOR HOLLAND: It is our understanding that a public hearing was held on May 17 by your Subcommittee on Agricultural Credit and Rural Electrification on S. 1199 by Senator Sparkman and Senator Kefauver. We would appreciate having the views expressed in this letter made a part of the record of the hearing.

S. 1199 in section 5 (c) would authorize the Secretary of Agriculture "* * * to make loans up to fifty years at not more than 3 per centum interest to eligible applicants to acquire and manage on a sustained-yield basis additional forest or cutover land; to make loans for periods up to ten years at not more than 4 per centum interest to enable an eligible applicant to acquire needed logging equipment; to make loans of not more than five years at not more than 4 per centum interest to eligible applicants to purchase capital stock of and pay membership fees to existing or new supply, service or marketing cooperatives including timber marketing and processing cooperatives * * *."

As we interpret these provisions they would put the Federal Government in the business of making direct loans at very low interest rates to subsidize a special class of citizens in acquiring forest land, growing timber, logging timber, and manufacturing and marketing timber. These credit facilities would be provided in addition to and in competition with existing well-established private and public credit facilities. It appears that they would be made available in such manner that no collateral would be required, no penalties for nonpayment would be provided, and the recipients of loans would be selected by the county farm committees which are inexperienced in this field. We do not believe this procedure to be a sound method of promoting private forestry enterprise.

The lumber industry believes that the development of forestry on private lands can be encouraged by sound programs of forest credit. Such programs should be studied, deevloped, and financed by private banks and not by the Federal Government. In this effort private forestry enterprise can materially assist in solving the ecenomic and technical problems involved. Furthermore, we believe that the important economic environment for private forestry on both small and large holdings now promises that such additional forest credit facilities as may be needed will be provided through private auspices.

In view of the foregoing we urge that the sections of the bill referred to and related sections be stricken.

Sincerely yours,

LEO V. BODINE,
Executive Vice President.

MILTON-FREEWATER, OREG., *May 17, 1956.*

Senator NEUBERGER,
Senate Office Building,
Washington, D. C.:

Milton-Freewater Farm Bureau Center endorses Senate bill 3850 and urgently requested its passage as a means of aiding the fruitgrowers of this valley and in the renewal of their orchards. Until such renewal is accomplished our income will decidedly be reduced and it is only with the aid of the long-term loan that they can do it under present circumstances.

WALLACE BULLOCK,
President, Milton-Freewater Farm Bureau.

MILTON-FREEWATER, OREG., *May 17, 1956.*

Senator NEUBERGER,
United States Senate,
Washington, D. C.:

Passage of S. 3850 urgently needed.

MR. AND MRS. CLINT GRAHAM.

PORTLAND, OREG., *May 18, 1956.*

Senator RICHARD L. NEUBERGER,
Senate Office Building,
Washington, D. C.:

Oregon State Grange approves your bill to alleviate freeze loss.

ELMER MCCLURE,
Master, Oregon State Grange.

PENDLETON, OREG., *May 22, 1956.*

Senator RICHARD L. NEUBERGER,
Senate Office Building, Washington, D. C.:

Urge support orchard disaster bill. Milton-Freewater area economic disaster.

VERNE TINNERSTET,
Manager, Pendleton Chamber of Commerce.

Senator RICHARD L. NEUBERGER,
Senate Office Building, Washington, D. C.:

Have received your bill, S. 3850, and consider it to be a fine one. Only such a bill would permit rehabilitation of the total disaster area. We commend you on your rare ability as a doer and know that the people of the area will also be doers in November. Best wishes.

AL HOFFMAN,
Chairman, Milton-Freewater Prune Control Committee.

Senator RICHARD L. NEUBERGER,
Senate Office Building, Washington, D. C.:

In reply to your request regarding cost of removal and replanting orchards Milton-Freewater districts this would be approximately $150 per acre.

NORTON O. TAYLOR,
County Extension Agent, Milton-Freewater, Oreg.

×

LEGISLATIVE HISTORY

Public Law 878
H. R. 11544

TABLE OF CONTENTS

Index and summary of H. R. 11544.....1
Digest of Public Law 878.....2

INDEX AND SUMMARY OF H. R. 11544

March 8, 1956	Rep. Hill introduced H. R. 9843. Referred to House Committee on Agriculture. Remarks of author.
March 13, 1956	Sen. Aiken and others introduced S. 3429. Referred to Senate Agriculture and Forestry Committee. Remarks of author.
April 27, 1956	Message from the President of the United States: Development of Agriculture's Human Resources - House Document No. 149.
May 31, 1956	Rep. Cooley introduced H. R. 11544. Referred to House Committee on Agriculture.
June 4, 1956	House Committee reported H. R. 11544 with amendment. House Report 2260.
June 18, 1956	House Rules Committee reported resolution for consideration of H.R. 11544. House Resolution 542, House Report 2365.
June 20, 1956	House passed H.R. 11544 as reported by committee.
July 5, 1956	Senate Subcommittee tentatively approved for reporting with amendments S. 3429.
July 10, 1956	Senate Agriculture and Forestry Committee ordered reported with amendments S. 3429.
July 11, 1956	Senate Committee reported S. 3429 with amendments. Senate Report 2526.
July 12, 1956	Senate substituted the language of S. 3429 for the text of the House bill and passed H. R. 11544 with amendments. S. 3429 indefinitely postponed due to passage of H. R. 11544. Senate conferees appointed.
July 13, 1956	House appointed conferees.
July 20, 1956	Conferees agreed to file a report on H. R. 11544 (but did not actually do so).
July 21, 1956	House received conference report on H. R. 11544. House Report 2869.
July 25, 1956	Both Houses agreed to conference report.
August 1, 1956	Approved: Public Law 878 - 84th Congress.

(Senate Committee hearings on S. 3429 and other similar bills included in history).

DIGEST OF PUBLIC LAW 878

AMENDMENTS TO BANKHEAD-JONES FARM TENANT ACT. Amends this Act to authorize Title I loans to farm owners to refinance secured and unsecured debts; permit insured Title I loans to be secured by second mortgages; authorize loans to farmers who operate less than family-type farms; increase the Title II loan limit to $20,000 in justifiable cases; increase the loan insurance authority from $100 million to $125 million per year; authorize desirable changes in authorities for servicing Farmers Home Administration loans and security; and to make a number of other changes intended to improve, simplify, and make more uniform the loan making and servicing operations of FHA.

H. R. 9843

A BILL

84TH CONGRESS
2D SESSION

H. R. 9843

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 1956

Mr. HILL introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

Section 1 (a) is amended by striking from the second sentence thereof the words "to assist borrowers under this title in making the" and inserting in lieu thereof the words

"or insured for" and by striking the word "their" preceding the words "farming operations".

(b) Section 1 (b) is amended by inserting after the word "only" in the first sentence the words "farm owners", by striking the words "(including owners of inadequate or underimproved farm units)", and by inserting in lieu of the words "the major portion" the words "a substantial portion".

(c) Section 1 (c) is amended to read as follows: "No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: *Provided, however,* That—

"(1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

"(2) loans may be made or mortgages insured to owner-operators who live on units which are less than family-type units, to repair or improve such farm units

and to refinance indebtedness against such farm units if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loans."

(d) Section 2 (b) is amended by striking from the first sentence thereof the word "the" preceding the word "rates" and inserting in lieu thereof the word "reasonable", and by striking the words "(but not exceeding the rate of 5 per centum per annum)". The second sentence of said subsection is amended by striking the period at the end thereof and inserting a comma and the following: "except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm."

(e) Section 3 (a) is amended to read as follows:

"SEC. 3. (a) Loans made under this title shall not be in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness, and shall be secured by a first or second mortgage or deed of trust on the farm."

(f) Section 12 (b) is amended by striking the figures "$100,000,000" and inserting in lieu thereof the figures "$125,000,000".

(g) Section 12 (c) is amended by striking item (5)

thereof and inserting in lieu thereof a new item (5) reading as follows:

"(5) Loans insured under this section shall not be in excess of the amount certified by the county committee to be the fair and reasonable value of the farm."

(h) Section 12 (c) is amended by striking from the last sentence of item (2) the words "to carry out the provisions of this title, relating to mortgage insurance" and by inserting in lieu thereof the words "of the Farmers Home Administration and may be transferred annually to that administrative expense account and become merged therewith".

(i) Section 16 (a) is amended by inserting in the first sentence thereof before the word "mortgages" the words "or second" and by adding the following sentence at the end of said subsection "Loans insured under this section shall not be in excess of the amount certified by the county committee to be the value of the farm, less any prior lien indebtedness."

(j) The following new section 17 is added:

"SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers who are presently unable to

meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000."

SEC. 2. Title II of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words "Production and Subsistence Loans" in the title and inserting in lieu thereof the words "Operating Loans", and by the amendment of section 21 to read as follows:

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence: *Provided, however*, That loans may be made to operators of less than family-type units if the farm unit is of sufficient size to produce income which, together with the income from

other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No loan may be made to any one borrower under this section which would cause the total principal amount outstanding to exceed $10,000: *Provided, however,* That an amount not to exceed 10 per centum of the sum made available by annual appropriation for loans under this title may be used for making loans to borrowers which would cause such indebtedness to exceed $10,000 but in no event may any loan be made which would cause such indebtedness to exceed $20,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed seven years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: *Provided, however,* That in justifiable cases where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within seven years is due to causes beyond the control of the borrower, the Secretary may extend or renew such loans

to be repayable in not to exceed 10 years from the date the original loan was made, and during such extended term may make additional loans to such persons, if necessary."

SEC. 303. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

(a) Section 41 (g) is amended to read as follows:

"(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require: *Provided, however,* That—

"(1) compromise, adjustment, or reduction of claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

"(2) releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

"(A) borrowers who have transferred the security property to other approved applicants under agreements assuming the outstanding secured indebtedness; and

"(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"(3) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this Act; and

"(4) any claim which has been due and payable for five years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt payment ability, or is deceased and has left no estate, or has been absent from his last known address for a period of at least five years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or

released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided, however,* That claims involving a principal balance of $150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical."

(b) The first sentence of section 42 (a) is amended by inserting after the word "county" in each of three places the words "or area".

(c) Section 43 (d) is amended by striking the words "as family-size farms".

(d) Section 44 (a) (3) is amended by striking the word "the" as it appears before the word "rates" and inserting in lieu thereof the word "reasonable" and by striking the words "(but not exceeding the rate of 5 percentum per annum)", and section 44 (c) is amended by inserting before the word "rates" the word "reasonable" and by striking the words "(but not exceeding the rate of 5 percentum per annum)".

(e) Section 51 is amended to read as follows:

"SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by or acquired by the Secre-

tary under any programs administered by the Farmers Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act. Any advances or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortgage insurance fund."

84TH CONGRESS
2D SESSION

H. R. 9843

A BILL

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

By Mr. HILL

MARCH 8, 1956
Referred to the Committee on Agriculture

This is far from the truth.

There is no doubt that a few hotheads have been able to stir up pent-up passions in the South and that this problem will become yet more acute if some sober-minded leaders on both sides do not sit down and iron out basic policies.

All of us have a responsibility in not creating situations which will embarrass our Government in its international program and in its broader fight to dignify the basic right of every citizen in this Nation and the world.

How we exercise that responsibility will in the long run determine the success which our policies will meet abroad and the eventual triumph of our way of life over communism.

Explanatory Statement of a Bill To Improve and Simplify Credit Facilities to Farmers, To Amend the Bankhead-Jones Farm Tenant Act, and for Other Purposes

EXTENSION OF REMARKS
OF
HON. WILLIAM S. HILL
OF COLORADO
IN THE HOUSE OF REPRESENTATIVES
Thursday, March 8, 1956

Mr. HILL. Mr. Speaker, section 1 (a) of the bill will amend the last sentence of section 1 (a) of the existing law so that loans for improvements, including housing and other farm buildings, may be made to all eligible applicants rather than to only existing borrowers under title I of the act, as this section is now limited. This latter change will also make this section consistent with the proposed changes in the second part of the proviso of section 1 (c).

Section 1 (b) of the existing act will be amended so as to be consistent with the proposed changes in 1 (a) by including the present owners of farms among those eligible for assistance under this title and by requiring that the applicant have received a substantial portion of his income from farming instead of the major portion as now required.

The changes proposed in section 1 (c) will provide authority to make loans for repair and improvement on those farms which are less than family-type units which constitute the residence of the owner-operator, if income from outside sources, plus income from the farm, will warrant the making of such loans.

Section 2 (b) will replace the existing eligibility requirement that an applicant be unable to secure credit at rates not exceeding 5 percent per annum prevailing in the community with a requirement that he be unable to secure such loans at such reasonable rates and terms prevailing in the community. The other changes in this section, with respect to loans made under the proviso of section 1 (c), will establish as the maximum amount of such a loan the fair and reasonable value based on normal market value of the farms constituting less than family-type units. Loans on family-type farms would continue to be based on the earning capacity of the farm. For a unit that is less than a full-time farming operation, factors other than the earning capacity of the farm generally influence its value; therefore, a normal market value determination provides a better basis for appraising such a farm.

The changes which will be made in the first sentence of section 3 (a) are necessary to correlate this section with the proposed additional authority. It is also proposed to amend this section by eliminating the second sentence which requires that no loan shall be made in excess of the average value of the efficient family-type farm units in the county. Loans will still be limited to farms that are not larger than family-size units and to an amount not exceeding the value certified by the county committee under section 2 (b).

Section 1 (f) of the bill will amend section 12 (b) of the act to increase from $100 million to $125 million the aggregate amount of mortgages or loans which may be insured under title I in any one fiscal year. This change is in anticipation of an increased volume of loans under the additional proposed authority.

The change proposed in section 1 (g) of the bill will eliminate the present limitation of insured loans to those not exceeding 90 percent of the fair and reasonable value of farms. The 90 percent limitation has operated to prevent assistance by means of insured loans to many applicants, otherwise eligible, who are unable to provide the balance of the cost of the farm and its improvements. Experience with direct loans has demonstrated that sound loans can be made up to 100 percent of the fair and reasonable value of the farm. The proposed language of the new section 12 (c) (5) will also make this provision consistent with the changes made in section 2 (b) relating to the determination of fair and reasonable value of less than family size units.

Section 1 (h) would modify section 12 (e) (2) in order to avoid the insertion of legislative language in the appropriation acts authorizing the use of one-half of 1 percent of insurance charges for any administrative expenses of the Farmers' Home Administration. As the act is now worded, funds so collected could be used only in connection with the provisions of the act relating to mortgage insurance. Without the modifications contained in appropriation acts in the past, it would have been necessary for each employee to keep track of the amount of his time spent on the mortgage insurance work so that it could be charged against this sum.

Section 1 (i) will amend section 16 (a) so as to add authority to insure loans which will be subordinate to an outstanding first lien. Second mortgages running to the Government for the benefit of the mortgage insurance fund would be taken in connection with such loans. An additional sentence is also proposed so that loans insured under section 16 (a) will be controlled by limits comparable to second mortgage direct loans as provided in the proposed section 3 (a).

Section 1 (j) will add a new section 17 which will provide the Secretary with temporary authority during the next 3 fiscal years to make and insure loans solely for refinancing existing indebtedness of farmers who qualify for assistance under the amended act. The total of such refinancing loans insured in any fiscal year would be limited to $50 million.

Section 2 of the bill will amend the title of title II of the act from "Production and Subsistence Loans" to "Operating Loans." The new title is believed to be more dscriptive and more understandable.

The proposed new section 21 (a) involves the following changes:

First. Loans will be authorized to operators of family-type farms, and to operators of less than family-type farms whose farms are of sufficient size to produce income which, with income from other sources, will enable the operators to pay necessary operating costs and the amounts which will become due on their loans. This change is proposed to permit the correlation of the operating loan program with other efforts being made to assist low-income farmers and to provide credit in designated rural development areas.

Second. Section 21 (b) will be amended to substitute a $10,000 limitation on the total outstanding principal indebtedness of a borrower under this section for the present $7,000 restriction on an initial operating loan to a borrower. In addition, a sum not to exceed 10 percent of the annual appropriation for loans under this section may be used for larger loans which would not exceed a total principal indebtedness at any one time of $20,000.

Third. The maximum term of loans, including renewals or extensions, would be changed by section 21 (c) from 7 years to 10 years.

Fourth. The following change will be made in the continuous indebtedness limitation of section 21 (d), which makes a borrower under this section ineligible for further loans unless he has liquidated his indebtedness within 7 years. In justifiable cases due to causes beyond the borrower's control, the loan could be renewed or extended for a total period of not longer than 10 years from the date it was made, and additional loans could be made during the extended period. Section 21 (d) also will eliminate the present requirement that debts incurred prior to November 1, 1946, must be included in the determination as to whether the borrower has liquidated his indebtedness under this section on and after November 1, 1953. Some persons who are still farming and who need further credit assistance have never been able to fully pay their indebtedness under the Resettlement and Farm Security Administration programs. The present language is ambiguous with respect to whether such persons have fully liquidated their indebtedness if such debts have been settled without payment of the entire principal and interest either before or after November 1, 1953.

Section 3 of the bill contains amendments to the authority of the Secretary with respect to making and servicing loans under titles I and II, including compromise powers, use of county committees, sale of surplus acquired security property, availability of other credit at

5 percent interest, and the authority to deal with security property.

First. Section 3 (a) will amend section 41 (g) of the act by extending the power of the Secretary of Agriculture to compromise, adjust, and reduce claims and modify the terms of contracts to those entered into or by the Farmers Home Administration under any of its programs. While most of the claims administered by this agency are covered by the present language, claims arising under the Water Facilities Act, the Wheeler-Case Act, the flood and windstorm appropriations, and the emergency loan provisions are not subject to the same administrative settlement authorities applicable to claims under this act.

The proposed change in section 41 (g) (1) will remove the $10,000 limit on claims that may be settled by the Secretary. This proposed change would expedite the settlement of claims in excess of $10,000, and provide a uniform basis for settling all claims arising out of transactions under any program administered by the Farmers' Home Administration. The factors affecting the settlement of larger claims are not sufficiently different from those of smaller claims to justify special treatment.

The provisions of section 41 (g) (2) do no permit the release from personal liability of those operating loan borrowers who transfer or convey their security property in satisfaction of their indebtedness to the Secretary. Under the revised language, releases of personal liability may be made to such borrowers. The changes in section 41 (g) (2) (B) are for the purpose of extending the provisions of that subsection to insured mortgage loans and to less than family-size farm units.

Section 3 (a) will also extend the Secretary's authority for cancellation and release of claims regardless of amount under certain restricted conditions. At present, claims of $100 or less may be canceled if those conditions exist. Under Public Law 518, the Secretary has concurrent authority to cancel these and certain similar debts not exceeding $1,000 principal balance. With the removal of the monetary limitation on the cancellation of debts where the debtor has no assets or apparent debt-paying ability, where the borrower is deceased and has left no estate, or where he has been absent from his last known address, is without known assets, and his whereabouts cannot be ascertained without undue expense, the bill will permit such action only after 5 years instead of the present 2- or 3-year limitations. It is also proposed that claims of $150 or less many be canceled if further collection efforts would be ineffectual or uneconomical. This change from $10 to $150 is prompted by comparison with the costs of litigation on such claims.

Second. Section 3 (b) of the bill will permit the establishment of county committees for areas not neecssarily limited to county boundaries. Topography and means of communication between county seats and parts of some counties make it expensive and extremely difficult to limit uniformly the jurisdiction of the county committee exactly to county boundaries.

Third. Section 3 (c) of the bill will strike the words "as family-size farms" from section 43 (d) in order to authorize the Secretary to sell and acquire farm units of less than family-type to persons who would be eligible for the less than the family-type farm loans proposed under section 1 on terms consistent with the modified loan authority.

Fourth. Section 3 (d) of the bill will substitute reasonable rates prevailing in the community for the present limitation of rates not exceeding 5 percent per annum as a guide to determining whether credit from private or cooperative sources is available to the applicant at the time the loan is made or at the time the borrower should refinance his indebtedness to the Secretary by means of such other credit.

Fifth. Section 1 (c) of the act will amend section 51 to permit the Secretary to service mortgages taken in connection with insured loans in the same manner as he is now authorized to service security for direct loans and will extend the authority to preserve and protect the security, bid at foreclosure or other sale, and the other provisions of this section to property involved in loans under any of the acts administered by the Farmers' Home Administration. This section of the act now applies to all of the acts administered by the Farmers' Home Administration except the credit sales accounts on water conservation and utilization projects transferred to the agency by the Soil Conservation Service and property which might be acquired under the special emergency loans pursuant to Public Law 727.

Some difficulty has been encountered by the lack of authority to grant easements of rights-of-way for roads and utilities while the security property is in the possession of the Government. The amended section will provide that authority.

The United States Constitution: A Barrier Against Tyranny

EXTENSION OF REMARKS

OF

HON. GEORGE W. ANDREWS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 8, 1956

Mr. ANDREWS. Mr. Speaker, for the 1st session of the 84th Congress it was my privilege to have a young man from my hometown of Union Springs, Ala., Charlie MacCrook, on my patronage as a page in the House of Representatives.

The thesis appearing below is a product of this promising young citizen, and won for him the Bullock County (Ala.) American Legion oratorical contest on February 24, 1956.

It is my thought that the people believing in these principles would be interested in sharing the views of this young man; therefore, I am setting out the speech in toto:

THE UNITED STATES CONSTITUTION: A BARRIER AGAINST TYRANNY

It has been said that "power is the essence and the peril of government." Any kind of government is an apparatus of power. Government has the power to make the rules for men to live by and it has the power to punish those who disobey the rules. However, when this apparatus of power, government, is placed in the hands of one man, his power to oppress and to take advantage of the people is enormous. In fact, the concentration of power into the hands of 1 man or 1 party is the very definition of tyranny. This has long been the problem of civilized man, to construct a government he could control, one that had the power to protect the citizens but without the power to oppress them. The problem of free government is not solved by simply electing an official and turning the government over to him; for once he is in office the vast powers of government are his and can be used to intimidate the people who elected him. The greater the power he has, the greater will be his ability to control the people. By buying one group or silencing another, it would be possible for him to stay in office indefinitely. Therefore, a means must be found of controlling him after he has been elected to office.

The solution of this problem has been attempted throughout history in many different countries, but never with any real or lasting success. This dream was finally realized in 1787, when the Constitution of the United States was adopted. This Constitution did what nations had been trying to do for centuries. It made the Government the servant, rather than the master, of man.

How was this dream accomplished? I have said that the concentration of the powers into the hands of 1 man or 1 party is the definition of tyranny. The Constitution merely separated these powers. It divided the Government into two separate divisions: the State government and the Federal Government.

The Federal Government itself is divided into three principal divisions; the legislative branch, which is Congress, the executive branch, which is the President, and the judicial branch, which is the Supreme Court. Each of these divisions is in turn subdivided into even smaller units. Stated simply, the situation is this: Congress makes the laws, the Supreme Court interprets them, and the President carries them out. The President has the power to veto any law passed by Congress. But Congress has the power to veto any appointment or treaty made by the President. Thus, each of these branches acts as a check on the other. The Supreme Court may declare unconstitutional any action taken by either Congress or the President. One of the few faults of this system is that there is no check or restraint on the Supreme Court. Later, I shall discuss this flaw in our barrier against tyranny.

Now we come to the second division, the State governments. In my opinion, this is the most important aspect of the "separation of powers" theory. The State governments obtain their authority from the 10th amendment. The 10th amendment says, and I quote, "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." For emphasis, I repeat this direct quotation from the 10th amendment: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

What our Founding Fathers were trying to prevent was a too centralized government. By ratifying the 10th amendment, they established a government which is now composed of 48 separate, sovereign, and in-

Page 33, line 8, strike out "4" and insert "9."

Page 33, line 9, strike out "such"

Page 33, line 9, after "business", insert "as an insurance company."

Page 33, line 13, after "(B)", insert "(i)."

Page 33, line 14, after "reserves", insert "and (ii) the special reduction for dividends received provided by subsection (c)."

Page 33, line 16, after "exceed", insert "(A)."

Page 33, line 18, after "holders", insert, "reduced by (B) the special reduction for dividends received provided by subsection (c)."

Page 34, line 6, strike out "(c)" and insert "(b)."

Page 34, strike out lines 7 to 12, inclusive, and insert:

"(c) Special rule for dividends received: The reduction referred to in paragraph (1) (B) (ii) and in paragraph (2) (B) of subsection (a) shall be an amount computed under section 804 (b) (3), except that, for purposes of such computation, the maximum limitation referred to in section 804 (b) (3) (B) (ii) shall be—"

Page 34, line 18, after "come" insert "(computed without regard to the reduction provided by this subsection)."

Page 34, line 24, after "income" insert "(computed without regard to the reduction provided by this subsection)."

Page 41, after line 6, insert:

"SEC. 7. Savings provisions.

"In the case of any taxpayer subject to tax under section 802 or 807 of the Internal Revenue Code of 1954 (as such sections were in effect before the enactment of this act), no addition to the tax shall be made under section 6655 of such Code (relating to failure by corporation to pay estimated tax) with respect to estimated tax for a taxable year beginning in 1955. In the case of any taxpayer subject to tax under section 821 of such Code (imposing a tax on certain mutual insurance companies), any addition to the tax under section 6655 of such Code with respect to estimated tax for a taxable year beginning in 1955 shall in no case be larger than such addition would have been if this act had not been enacted."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

(Mr. COOPER asked and was given permission to extend his remarks at this point in the RECORD).

Mr. COOPER. Mr. Speaker, as you will recall, H. R. 7201 is designed to provide a new formula for the taxation of life-insurance companies.

The House bill would have continued to tax life-insurance companies on their investment income only and, as in the past, would have allowed life-insurance companies a flat deduction against investment income in computing taxable income, in lieu of specific deductions for interest paid and interest credited to life-insurance reserves. The reserve and other policy liability deduction permitted under the House bill would have been computed as 85 percent of net investment income allocable to regular life-insurance business, but, for the first time, H. R. 7201 would have permitted the deduction to vary with the type of life-insurance business for which the reserves were held by the life-insurance company. Thus, the House bill would have amended section 804 of the 1954 code to provide a reserve and other policy liability deduction against investment income of 92½ percent of the net investment income allocable to pension-plan reserves and 90 percent of such income allocable to reserves for annuity contracts and deposits, plus 85 percent of so much of the balance of investment income not allocable to non-life-insurance reserves.

These formula provisions would have applied only to the taxable year 1955 under the House bill. However, the bill contained provisions which would have raised the reserve and other policy liability deduction allocable to pension-plan reserves and to annuity reserves to 100 percent and 95 percent, respectively, in the taxable year 1960. Extension of such treatment to taxable years beginning after 1955 would have required additional legislation.

The Senate amendment to this provision of the House bill eliminates all references to taxable years after 1955 and deletes the special deductions allocable to pension and annuity business. This amendment also provides a larger reserve and other policy liability deduction largely beneficent to small life-insurance companies which will be computed at 87½ percent of the first $1 million of net investment income allocable to life insurance reserves and 85 percent of the balance allocable to such reserves.

The House bill amended sections 801 and 804 of the Internal Revenue Code of 1954 to improve the definition of "life insurance taxable income" and to prevent abuse of the life insurance provisions by companies which are not entirely life insurance companies. This was accomplished by providing a maximum limitation upon the reserve and other policy liability deduction. This limitation is computed as equal to two times the reserve interest requirements shown on the company's books in connection with reserves held on policies involving life contingencies, plus the amount of certain other interest obligations and dividends to policyholders. The Senate has amended this provision to allow a statutory presumption of reserve interest up to 3 percent in the case of certain mutual assessment life insurance companies which do not have formal reserve interest obligations.

As passed by the House, H. R. 7201 would add a new section 818 to the 1954 code to allow an alternative tax base, relating to total income, for the first 5 years of the operation of a life insurance company, first authorized to do life insurance business before July 1, 1955. This relief device was intended to permit new life insurance companies to take into account any excess of life insurance expenses over premiums in computing taxable income. This would automatically give relief to a new and expanding life insurance company because excess investment income would be taxable only to the extent that it was not used to cover deficits incurred in establishing itself in the life insurance business. The Senate has amended this provision to make it applicable to the first 10 years of the operation of a life insurance company whenever organized.

Because of the time factors involved, life insurance companies were in doubt as to the applicable tax formula to be applied at the time when their estimated tax was payable in September and December of 1955. The Commissioner of Internal Revenue extended the time for filing such declarations of estimated tax until March 15, 1956. However, the Commissioner did not release life insurance companies from the additions to tax provided in the code for failure to pay estimated tax. The Senate has added a new section 7 to the House bill to provide that no additions to tax should be made in this situation.

In addition to the amendments discussed above, the Senate has made several technical and clarifying amendments.

The Treasury Department has given its approval to the amendments made by the Senate. I urge the House to accept the Senate amendments.

(Mr. REED asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. REED. Mr. Speaker, H. R. 7201 in the form passed by the other body provides a tax on life-insurance companies for the year 1955. It incorporates the basic principles of the bill which passed the House in the last session. However, the House bill was permanent in nature while the bill as amended applies only to the year 1955.

The distinguished chairman of the Committee on Ways and Means has explained in detail the technical provisions of the bill as well as the Senate amendments. I shall not endeavor to repeat his explanation and simply wish to state that we have no objection to the Senate amendments.

I would like to point out that this legislation is the outgrowth of a subcommittee which I appointed in 1954, as chairman of the Committee on Ways and Means, to make a thorough study of the problems involved in developing a permanent method for the taxation of life-insurance companies. Representative CURTIS of Missouri was chairman of that subcommittee, and under his leadership that group made a tremendous contribution toward the solution of this very difficult problem. The ranking minority member of the subcommittee at that time was Representative MILLS, and the two of them have continued to work together on this matter. I believe that they in particular, as well as the other members of the subcommittee, deserve great recognition for their work in this field.

(Mr. CURTIS of Missouri (at the request of Mr. REED) was given permission to extend his remarks at this point in the RECORD.)

[Mr. CURTIS of Missouri's remarks will appear hereafter in the Appendix.]

FARMERS' HOME ADMINISTRATION

(Mr. HILL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HILL. Mr. Speaker, I am today dropping in the hopper a bill which would improve and simplify the credit facilities available to farmers and amend the Bankhead-Jomes Farm Tenant Act.

I hope the Members who are interested in using the facilities of the Farmers' Home Administration to assist their farmers to secure immediate and necessary credit, so that they may continue their farming operations, will read this bill carefully and give the Committee on Agriculture every assistance possible in bringing this legislation out on the floor and passing it just as quickly as possible.

Copies of the bill will be available immediately.

This bill will directly affect the loans on family-type farms and will enable the farmers to carry on successful farming of a type which the Secretary of Agriculture deems necessary.

I am inserting in the Appendix of the RECORD a detailed explanation of the provisions of the bill and I hope you will study it carefully.

CAMPAIGN CONTRIBUTIONS

(Mr. PROUTY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PROUTY. Mr. Speaker, if there is one requisite to the preservation of our republican form of government it is the integrity of our electoral process.

Taint or abuse that process and you will help to split asunder the bedrock which supports our most cherished institutions.

By and large we have had honest elections. This fact is attributable, however, to the basic probity of the American people and to the personal integrity of most candidates rather than to Federal laws governing campaign contributions and expenditures—for these are so loosely drawn as to permit, if not encourage, deception, and dishonesty.

It is not my purpose to catalog here all of the shortcomings and inherent weaknesses of these statutes for the American people as well as Members of Congress know and are rightly concerned about them.

I do, however, have a proposal which in my judgment would eliminate certain basic weaknesses and advance us in some degree at least in the direction of a higher political morality. Of this proposal I shall speak later and in some detail.

No one familiar with them can deny that modern political campaigns are extremely expensive or that campaign contributions are necessary. The costs involved in radio, television, and all the other essentials of a campaign simply cannot be assumed by most candidates.

Unless we adhere to the ugly and outworn creed that one's pocketbook should be the key to his political success we are forced to recognize the need for campaign contributions.

However, the character and nature of such contributions is a matter for genuine public concern. It would be ideal of course if all who made political contributions were motivated either by a desire to espouse a philosophy of government or because of admiration and respect for the qualities and abilities of individual candidates.

But if we are to be realistic we should recognize that until we become a society of altruists some contributions are going to be made on a purely quid pro quo basis and it is with this that we must be primarily concerned.

A Senator or Member of the House owes his election to the suffrage of his constituents. By them and by his conscience he is called to answer for his word and acts. This has been the design of our political fabric for over 150 years.

However, certain influences have tended to alter that pattern. Not content with limiting their representation in Congress to Senators and Members of the House from their own State, as the Constitution intended, they have participated, directly or indirectly, in the choice and election of candidates in nearby and distant States.

In many instances these influences have been well intentioned and have not been motivated by any thought of specific advantages which might accrue to them. In others, however, a willingness to exchange coin for the promise or in the hope that a candidate would advance or protect their own special interests has been clearly evident.

The latter cannot be justified on any grounds and with respect to the former it is my sincere conviction that citizens of one State should not be permitted to influence the nomination or election of candidates in another State.

Neither do I believe that an individual or group should have the right to make political contributions through a second party. For not only does this conceal the identity of the real contributor, it also affords an opportunity for circumventing the statutory limitations relating to such contributions.

It is for these and other reasons that I have introduced a bill to amend some of the laws relating to political contributions and expenditures. This is not a cure-all but it appears to me to be more practical and realistic in its approach to certain major aspects of the question than are some other proposals presently being considered.

This proposal would prohibit any person from making a political contribution to or on behalf of any candidate seeking nomination or election outside the contributor's own State for the office of United States Senator or Representative in Congress. The same prohibition would apply with respect to candidates for office of preisdential elector in States other than that of the contributor. There would be no prohibition, however, against contributing to presidential and vice presidential candidates since the proposal specifically permits contributions to or on behalf of candidates with respect to which elections are conducted within the State in which the person making the contribution resides.

Although under the electoral college system of choosing the President and Vice President, the voters throughout the States do not vote directly for the President but rather vote for electors, the office of President is an office with respect to which elections are conducted within, say, every State. Hence the candidates for office of President and Vice President would be the only candidates for Federal office to whom a person could make a contribution other than to the candidates for Senator and Representative from his own State.

Likewise the proposal would prohibit various committees formed but not associated with one of our national parties throughout the country from making contributions to influence the nomination or election of Senators and Representatives in States other than where the committee is located. There, of course, would be no prohibition against activities of a local organized committee in a State making contributions so long as its activities are confined to elections within the State and are in conformity with the provisions of existing law.

My proposal would exempt National, State, and local committees which are adjuncts of a national political party from the prohibitions against interstate political donations. This exemption can be fully justified for several reasons.

First, no national political party organization or any adjunct thereof contributes financially or otherwise to those seeking the party nominations in the several States.

Moreover, this would result in a more extensive channeling of campaign funds through legitimate political committees. Such committees are required under the law to file reports of their contributions and expenditures while other committees professing to be educational and nonpolitical in nature sometimes do not consider themselves so obligated.

"Who gave it" is a question often asked with respect to campaign money and all too frequently unanswered. The second major feature of my proposal would make it a violation of law for any person to make a political contribution out of funds made available to him for that purpose without disclosing at the time the contribution is made the name of the person who made such funds so available.

Recent events which transpired in connection with the natural gas bill indicate the great need for such a provision in order to protect candidates for Federal office as well as the public at large.

The "who gave it" provision will be applicable to contributions made to national political parties and adjuncts thereof, but will not apply to contributions made by them. The House committee having jurisdiction over this proposal may, after study, conclude that this exemption should be further extended to cover other groups and organizations.

An important ethical question facing the American people today involves the financing of political campaigns. I sincerely believe that the proposal which I have outlined will partially answer this important question.

I am sorry the House rules will not permit me to include at this point the text of provisions of existing law which would be amended by various provisions of my bill accompanied by new matter underscored for emphasis.

Any Member of the House who so desires may obtain this in mimeographed form from my office.

S. 3429

A BILL.

84TH CONGRESS
2D SESSION

S. 3429

IN THE SENATE OF THE UNITED STATES

MARCH 13, 1956

Mr. AIKEN (for himself, Mr. ANDERSON, Mr. SCHOEPPEL, Mr. HOLLAND, Mr. THYE, Mr. CARLSON, Mr. EASTLAND, Mr. HICKENLOOPER, Mr. ALLOTT, Mr. DUFF, Mr. KUCHEL, Mr. DIRKSEN, Mr. FREAR, Mr. WELKER, Mr. STENNIS, Mr. WILLIAMS, Mr. YOUNG, Mr. BIBLE, and Mr. FLANDERS) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

Section 1 (a) is amended by striking from the second

sentence thereof the words "to assist borrowers under this title in making the" and inserting in lieu thereof the words "or insured for" and by striking the word "their" preceding the words "farming operations".

(b) Section 1 (b) is amended by inserting after the word "only" in the first sentence the words "farm owners", by striking the words "(including owners of inadequate or underimproved farm units)" and by inserting in lieu of the words "the major portion" the words "a substantial portion".

(c) Section 1 (c) is amended to read as follows:

"No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: *Provided, however*, That (1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and—

"(2) loans may be made or mortgages insured to owner-operators who live on units which are less than

family-type units, to repair or improve such farm units and to refinance indebtedness against such farm units if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loans."

(d) Section 2 (b) is amended by striking from the first sentence thereof the word "the" preceding the word "rates" and inserting in lieu thereof the word "reasonable", and by striking the words "(but not exceeding the rate of 5 per centum per annum)". The second sentence of said subsection is amended by striking the period at the end thereof and inserting a comma and the following "except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm".

(e) Section 3 (a) is amended to read as follows:

"SEC. 3. (a) Loans made under this title shall not be in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness, and shall be secured by a first or second mortgage or deed of trust on the farm."

(f) Section 12 (b) is amended by striking the figure "$100,000,000" and inserting in lieu thereof the figure "$125,000,000".

(g) Section 12 (c) is amended by striking item (5) thereof and inserting in lieu thereof a new item (5) reading as follows:

"(5) Loans insured under this section shall not be in excess of the amount certified by the county committee to be the fair and reasonable value of the farm."

(h) Section 12 (e) is amended by striking from the last sentence of item (2) the words "to carry out the provisions of this title, relating to mortgage insurance" and by inserting in lieu thereof the words "of the Farmers Home Administration and may be transferred annually to that administrative expense account and become merged therewith".

(i) Section 16 (a) is amended by inserting in the first sentence thereof before the word "mortgages" the words "or second" and by adding the following sentence at the end of said subsection "Loans insured under this section shall not be in excess of the amount certified by the county committee to be the value of the farm, less any prior lien indebtedness."

(j) The following new section 17 is added:

"SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers who are presently unable

to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000."

SEC. 2. Title II of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words "Production and Subsistence Loans" in the title and inserting in lieu thereof the words "Operating Loans", and by the amendment of section 21 to read as follows:

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence: *Provided, however,* That loans may be made to operators of less than family-type units if the farm unit is of sufficient size to produce income which, together with the income from other sources, including pensions in the case of disabled

veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No loan may be made to any one borrower under this section which would cause the total principal amount outstanding to exceed $10,000: *Provided, however,* That an amount not to exceed 10 per centum of the sum made available by annual appropriation for loans under this title may be used for making loans to borrowers which would cause such indebtedness to exceed $10,000 but in no event may any loan be made which would cause such indebtedness to exceed $20,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed seven years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: *Provided, however,* That in justifiable cases where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within seven years is due to causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed ten years from the

date the original loan was made, and during such extended term may make additional loans to such persons, if necessary."

SEC. 3. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

(a) Section 41 (g) is amended to read as follows:

"(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require: *Provided, however,* That—

"(1) Compromise, adjustment or reduction of claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

"(2) Releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

"(A) borrowers who have transferred the security property to other approved applicants

under agreements assuming the outstanding secured indebtedness; and

"(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"(3) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this Act; and

"(4) any claim which has been due and payable for five years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt payment ability, or is deceased and has left no estate, or has been absent from his last known address for a period of at least five years, has

no assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided, however,* That claims involving a principal balance of $150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical."

(b) The first sentence of section 42 (a) is amended by inserting after the word "county" in each of three places the words "or area".

(c) Section 43 (d) is amended by striking the words "as family-size farms".

(d) Section 44 (a) (3) is amended by striking the word "the" as it appears before the word "rates" and inserting in lieu thereof the word "reasonable" and by striking the words "(but not exceeding the rate of 5 per centum per annum)", and section 44 (c) is amended by inserting before the word "rates" the word "reasonable" and by striking the words "(but not exceeding the rate of 5 per centum per annum)".

(e) Section 51 is amended to read as follows:

"SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for,

or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by or acquired by the Secretary under any programs administered by the Farmers Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act. Any advances or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortgage insurance fund."

84TH CONGRESS
2D SESSION

S. 3429

A BILL

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

By Mr. AIKEN, Mr. ANDERSON, Mr. SCHOEPPEL, Mr. HOLLAND, Mr. THYE, Mr. CARLSON, Mr. EASTLAND, Mr. HICKENLOOPER, Mr. ALLOTT, Mr. DUFF, Mr. KUCHEL, Mr. DIRKSEN, Mr. FREAR, Mr. WELKER, Mr. STENNIS, Mr. WILLIAMS, Mr. YOUNG, Mr. BIBLE, and Mr. FLANDERS

MARCH 13, 1956

Read twice and referred to the Committee on Agriculture and Forestry

tee in the United States, in New York City, N. Y., relating to the independence of the Republic of Estonia.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

On the occasion of the proclamation of the independence of the Republic of Estonia on February 24, 1918, we the Americans of Estonian descent and the Estonians residing in this country have gathered here in New York in order to pay tribute to this supreme achievement of the Estonian people, for which it had tenaciously struggled and fought for centuries.

The 38th Day of Estonian Independence is being commemorated at a time when the country itself, and its people are suffocating in the stranglehold of unprecedented Communist terrorism following the forcible occupation of the country by the Soviet Union in 1940, in violation of all existing international treaties.

At this anniversary of the Estonian independence, we are gravely concerned by the international developments of the past year and the strongly reemergcd Soviet quest for world domination. The specch by Nikita Khrushchev at the 20th Congress of the Communist Party of the Soviet Union, and the resolutions the Congress itself cannot be bypassed as mere bragging, they do mean strongest determination to work doggedly toward the achievemenet of this ultimate goal.

The Estonians know, out of their own experience what the Soviet world domination would be like, if achieved. It certainly would not mean just some slight hegemony in the world, or just domination, but total extinction of the Western civilization and physical destruction of hundreds of millions of people, the living pillars of the free world.

We feel, therefore, dutybound to sound the warning to the peoples yet free, that the expansion of the ever-aggressive communism cannot be stemmed by just erecting defensive dams, or by patchwork. If once the balance of power in the world has become favorable to the Soviets, the free world and this country of freedom and human rights will be doomed.

It is, likewise, our deepest conviction, grown out of our experiences with the Soviet communism, that the self-defense of the free world against the Soviets cannot remain just passive, intended on their contention, but can be effcctive only, if it is actively and determinedly directed towards rolling back the Soviet powcr.

It's in the free world's awareness of the necessity to meet the Soviet quest for world domination actively, that we see hope for the liberation of the Estonians and the other East European captive peoples from the deadly grasp of Communist terrorism.

Our greatest trust lies in the gencrosity and enlightened self-interest of this free and powerful country, the United States of America.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service, without amendment:

S. 1871. A bill to amend the act entitled "An act to reimburse the Post Office Department for the transmission of official Government mail matter," approved August 15, 1953 (67 Stat. 614), and for other purposes (Rept. No. 1651); and

H. R. 5856. A bill to repeal the requirement for heads of departments and agencies to report to the Postmaster General the number of penalty envelopes and wrappers on hand at the close of each fiscal year (Rept. No. 1659).

By Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service, with amendments:

S. 1542. A bill to authorize an allowance for civilian officers and employees of the Government who are notaries public (Rept. No. 1652).

By Mr. BIBLE, from the Committee on Interior and Insular Affairs, without amendment:

S. 1161. A bill to abolish the Fossil Cycad National Monument, South Dakota, and for other purposes (Rept. No. 1653);

H. R. 4860. A bill affirming that title to a certain tract of land in California vested in the State of California on January 21, 1897 (Rept. No. 1654); and

H. R. 6772. A bill to authorize the Secretary of the Interior to convey certain federally owned land under his jurisdiction to the school district No. 24 of Lake County, Oreg. (Rept. No. 1655).

By Mr. LONG, from the Committee on Interior and Insular Affairs, without amendment:

H. R. 4391. A bill to abolish the Castle Pickney National Monument, in the State of South Carolina, and for other purposes (Rept. No. 1656);

H. R. 5280. A bill to authorize land exchanges for purposes of Colonial National Historical Park, in the State of Virginia; to authorize the transfer of certain lands of Colonial National Historical Park, in the State of Virginia, to the Commonwealth of Virginia; and for other purposes (Rept. No. 1657); and

H. R. 7097. A bill to provide for the reconveyance of oil and gas and mineral interests in a portion of the lands acquired for the Demopolis lock and dam project, to the former owners thereof, and for other purposes (Rept. No. 1658).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. AIKEN (for himself, Mr. ANDERSON, Mr. SCHOEPPEL, Mr. HOLLAND, Mr. THYE, Mr. CARLSON, Mr. EASTLAND, Mr. HICKENLOOPER, Mr. ALLOTT, Mr. DUFF, Mr. KUCHEL, Mr. DIRKSEN, Mr. FREAR, Mr. WELKER, Mr. STENNIS, Mr. WILLIAMS, Mr. YOUNG, Mr. BIBLE, and Mr. FLANDERS):

S. 3429. A bill to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes; to the Committee on Agriculturc and Forestry.

(See the remarks of Mr. AIKEN when he introducecd the above bill, which appear under a separate heading.)

By Mr. HILL (for himself and Mr. KENNEDY):

S. 3430. A bill to promote the progress of medicine and to advance the national health and welfare by creating a National Library of Medicine; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. HILL when he introduced the above bill, which appear under a separatc heading.)

By Mr. HILL (for himself, Mr. MURRAY, Mr. MORSE, Mr. SMATHERS, Mr. HUMPHREY, and Mr. KENNEDY):

S. 3431. A bill to establish an educational assistance program for children of servicemen who died as a result of a disability incurred in line of duty during World War II or the Korean service period in combat or from an instrumentality of war; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. HILL when he introduced the above bill, which appear under a separate heading.)

By Mr. CAPEHART:

S. 3432. A bill for the relief of Gillian Allison Hackler; to the Committee on the Judiciary.

By Mr. IVES:

S. 3433. A bill to amend the Federal Highway Act to provide for the inclusion in the Federal-aid highway system of certain parkways, notwithstanding tolls are collected for use thereof; to the Committee on Public Works.

By Mr. ALLOTT (for himself and Mr. MILLIKIN):

S. 3434. A bill for the relief of Hsin-Kuan Liu and Esther T. C. Liu; to the Committee on the Judiciary.

By Mr. CHAVEZ:

S. 3435. A bill for the relief of Jubencio Lucero, Sr., and his wife, Adela R. Lucero; and

S. 3436. A bill to amend part III of Veterans Regulation No. 1 (a) to liberalize the basis for, and increase the monthly rates of, disability pension awards; to the Committee on Finance.

S. 3437. A bill for the relief of Mary K. Ryan; to the Committee on the Judiciary.

S. 3438. A bill for the relief of Joanne Lea (Buffington) Lybarger; to the Committee on Labor and Public Welfare.

S. 3439. A bill to authorize and direct the Panama Canal Company to construct, maintain, and operate a bridge over the Panama Canal at Balboa, C. Z.; to the Committee on Public Works.

By Mr. BEALL:

S. 3440. A bill for the relief of Vincent Lee Lao; to the Committee on the Judiciary.

By Mr. MURRAY (for himself and Mr. MANSFIELD):

S. 3441. A bill to create a United States Department of Mineral Resources and to prescribe the functions thereof; to the Committee on Government Operations.

By Mr. CASE of South Dakota:

S. 3442. A bill to increase the authorization for an Air Force construction project; to the Committee on Armed Services.

By Mr. LONG:

S. 3443. A bill to amend the Internal Revenue Code of 1954 to allow attorneys' fees incurrcd in suits defending or perfecting title to real property to be deducted as expenses; to the Committee on Finance.

S. 3444. A bill to provide for the establishment of Federal-State Land Study Commissions in the several States; to the Committee on Government Operations.

(See the remarks of Mr. LONG when he introduced the last above-mentioned bill, which appear under a separate heading.)

EXPRESSION OF FRIENDSHIP FOR THE PEOPLE OF ITALY

Mr. BUSH submitted the following concurrent resolution (S. Con. Res. 71) which was referred to the Committee on Foreign Relations:

Whereas a history of friendship between the people of the United States and the people of Italy has long existed; and

Whereas the ties of ancestry and of a common heritage have united many of the people of the United States with many of the people of Italy; and

Whereas these bonds of friendship and ties of ancestry and heritage caused the people of the United States to demand the liberation and rehabilitation of Italy during and subsequent to World War II despite the fact that the people of Italy had involuntarily been drawn into the conflict; and

Whereas the Government of the United States has pursued a continuing policy of aid and friendship to the people of Italy, through such means as assisting Italy to become a member of the United Nations, and

to participate in the North Atlantic Treaty Organization; and

Whereas this policy of friendship of the United States for the people of Italy has been opposed strenuously by the Union of Soviet Socialist Republics and its agencies; and

Whereas the policy of the Union of Soviet Socialist Republics, with respect to Italy, if successful, would reduce Italy to a state of vassalage comparable to that to which the once free people of Poland have been reduced; and

Whereas the Italian people should support those democratic elements in Italy which place the interests of Italy above those of any other country; and

Whereas the Italian people should, behind such leadership, press for the legal dissolution of all political elements in Italy whose true interests are not the interests of Italy but rather the interests of the Union of Soviet Socialist Republics: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That it is the hope of Congress and of the people of the United States that the common cultural, political, economic, and military bonds which have united the American people and the Italian people and which have resulted in a deep and abiding friendship between them will continue to sustain the people of Italy in their determination to continue to adhere to the principles of freedom and democracy and to take all action necessary to stand with all the democratic nations of the free world in the common struggle against world communism which is seeking the enslavement of all the people of the world, including those of Italy; and further it is the sense of Congress that, in order to assist in exposing to the people of Italy the fact that the true aims and purposes of the Communists in Italy are to lead the people of Italy into the same kind of enslavement as the people of Poland and the Iron Curtain countries have been led into, all possible moral and material aid and assistance should be given to the people of Italy in their struggle to remain a free and democratic nation by the people of the United States and of the rest of the free world, acting as private persons and acting through their governments.

RESOLUTION

The following resolution was submitted and referred as indicated:

By Mr. LEHMAN (for himself and other Senators):

S. Res. 229. Resolution favoring self rule by the people of Cyprus; to the Committee on Foreign Relations.

(See the remarks of Mr. LEHMAN when he submitted the above resolution, which appear under a separate heading.)

SIMPLIFICATION OF CREDIT FACILITIES AVAILABLE TO FARMERS

Mr. AIKEN. Mr. President, on behalf of myself, the Senator from New Mexico [Mr. ANDERSON], the senior Senator from Kansas [Mr. SCHOEPPEL], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. THYE], the junior Senator from Kansas [Mr. CARLSON], the senior Senator from Mississippi [Mr. EASTLAND], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Colorado [Mr. ALLOTT], the Senator from Pennsylvania [Mr. DUFF], the Senator from California [Mr. KUCHEL], the Senator from Illinois [Mr. DIRKSEN], the junior Senator from Delaware [Mr. FREAR], the Senator from Idaho [Mr. WELKER], the junior Senator from Mississippi [Mr. STENNIS], the senior Senator from Delaware [Mr. WILLIAMS], the Senator from North Dakota [Mr. YOUNG], the Senator from Nevada [Mr. BIBLE], and my colleague, the junior Senator from Vermont [Mr. FLANDERS], I introduce, for appropriate reference, a bill to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes. I wish to make it clear I have not had an opportunity to contact all the Members of the Senate who might wish to cooperate in cosponsoring and in enacting the proposed legislation. I ask unanimous consent that the bill, together with the explanatory statement accompanying it, may be printed in the RECORD. If other Members of the Senate desire to join in cosponsorship, I shall be glad to reintroduce it or take care of it in some other way, because I am sorry I have not had time to see all the Members who I feel would like to cooperate in connection with this proposed legislation.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill and explanatory statement will be printed in the RECORD.

The bill (S. 3429) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes, introduced by Mr. AIKEN (for himself and other Senators), was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

Section 1 (a) is amended by striking from the second sentence thereof the words "to assist borrowers under this title in making the" and inserting in lieu thereof the words "or insured for" and by striking the word "their" preceding the words "farming operations."

(b) Section 1 (b) is amended by inserting after the word "only" in the first sentence of the words "farm owners", by striking the words "(including owners of inadequate or underimproved farm units)" and by inserting in lieu of the words "the major portion" the words "a substantial portion."

(c) Section 1 (c) is amended to read as follows:

"No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: *Provided, however,* That (1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

"(2) loans may be made or mortgages insured to owner-operators who live on units which are less than family-type units, to repair or improve such farm units and to refinance indebtedness against such farm units if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loans."

(d) Section 2 (b) is amended by striking from the first sentence thereof the word "the" preceding the word "rates" and inserting in lieu thereof the word "reasonable" and by striking the words "(but not exceeding the rate of 5 percent per annum)." The second sentence of said subsection is amended by striking the period at the end thereof and inserting a comma and the following "except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm."

(e) Section 3 (a) is amended to read as follows:

"SEC. 3 (a). Loans made under this title shall not be in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness, and shall be secured by a first or second mortgage or deed of trust on the farm."

(f) Section 12 (b) is amended by striking the figures "$100,000,000" and inserting in lieu thereof the figures "$125,000,000."

(g) Section 12 (c) is amended by striking item (5) thereof and inserting in lieu thereof a new item (5) reading as follows:

"(5) Loans insured under this section shall not be in excess of the amount certified by the county committee to be the fair and reasonable value of the farm."

(h) Section 12 (e) is amended by striking from the last sentence of item (2) the words "to carry out the provisions of this title, relating to mortgage insurance" and by inserting in lieu thereof the words "of the Farmers' Home Administration and may be transferred annually to that administrative expense account and become merged therewith."

(i) Section 16 (a) is amended by inserting in the first sentence thereof before the word "mortgages" the words "or second" and by adding the following sentence at the end of said subsection: "Loans insured under this section shall not be in excess of the amount certified by the county committee to be the value of the farm, less any prior lien indebtedness."

(j) The following new section 17 is added:

"SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. The total amount of loans insured in any 1 fiscal year under this section shall not exceed $50 million."

SEC. 2. Title II, of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words "Production and Subsistence Loans" in the title and inserting in lieu thereof the words "Operating Loans," and by the amendment of section 21 to read as follows:

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence: *Provided, however,* That loans may be made to operators of less than family-type units

if the farm unit is of sufficient size to produce income which, together with the income from other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No loan may be made to any 1 borrower under this section which would cause the total principal amount outstanding to exceed $10,000: *Provided, however,* That an amount not to exceed 10 percent of the sum made available by annual appropriation for loans under this title may be used for making loans to borrowers which would cause such indebtedness to exceed $10,000 but in no event may any loan be made which would cause such indebtedness to exceed $20,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed 7 years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for 7 consecutive years shall be eligible for loans hereunder: *Provided, however,* That in justifiable cases where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within 7 years is due to causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed 10 years from the date the original loan was made, and during such extended term may make additional loans to such persons, if necessary."

SEC. 3. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

(a) Section 41 (g) is amended to read as follows:

"(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers' Home Administration under any of its programs, as circumstances may require: *Provided, however,* That (1) compromise, adjustment or reduction of claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction.

"(2) Releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against

"(A) Borrowers who have transferred the security property to other approved applicants under agreements assuming the outstanding secured indebtedness; and

"(B) Borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities.

"(3) No compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this act.

"(4) Any claim which has been due and payable for 5 years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt payment ability, or is deceased and has left no estate, or has been absent from his last known address for a period of at least 5 years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided, however,* That claims involving a principal balance of $150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical."

(b) The first sentence of section 42 (a) is amended by inserting after the word "county" in each of three places the words "or area."

(c) Section 43 (d) is amended by striking the words "as family-size farms."

(d) Section 44 (a) (3) is amended by striking the word "the" as it appears before the word "rates" and inserting in lieu thereof the word "reasonable" and by striking the words "(but not exceeding the rate of 5 percent per annum)," and section 44 (c) is amended by inserting before the word "rates" the word "reasonable" and by striking the words "(but not exceeding the rate of 5 percent per annum)."

(e) Section 51 is amended to read as follows:

"SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by or acquired by the Secretary under any programs administered by the Farmers' Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of 1 year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this act. Any advances or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortgage insurance fund."

The explanatory statement presented by Mr. AIKEN is as follows:

EXPLANATORY STATEMENT OF A BILL TO IMPROVE AND SIMPLIFY CREDIT FACILITIES TO FARMERS TO AMEND THE BANKHEAD-JONES FARM TENANT ACT, AND FOR OTHER PURPOSES

Section 1 (a) of the bill will amend the last sentence of section 1 (a) of the existing law so that loans for improvements, including housing and other farm buildings, may be made to all eligible applicants rather than to only existing borrowers under title I of the act, as this section is now limited. This latter change will also make this section consistent with the proposed changes in the second part of the proviso of Section 1 (c).

Section 1 (b) of the existing act will be amended so as to be consistent with the proposed changes in 1 (a) by including the present owners of farms among those eligible for assistance under this title and by requiring that the applicant have received a substantial portion of his income from farming instead of the major portion as now required.

The changes proposed in section 1 (c) will provide authority to make loans for repair and improvement on those farms which are less than family-type units which constitute the residence of the owner-operator, if income from outside sources, plus income from the farm, will warrant the making of such loans.

Section 2 (b) will replace the existing eligibility requirement that an applicant be unable to secure credit at rates not exceeding 5 percent per annum prevailing in the community with a requirement that he be unable to secure such loans at such reasonable rates and terms prevailing in the community. The other changes in this section, with respect to loans made under the proviso of section 1 (c), will establish as the maximum amount of such a loan the fair and reasonable value based on normal market value of the farms constituting less than family-type units. Loans on family-type farms would continue to be based on the earning capacity of the farm. For a unit that is less than a full-time farming operation, factors other than the earning capacity of the farm generally influence its value; therefore, a normal market value determination provides a better basis for appraising such a farm.

The changes which will be made in the first sentence of section 3 (a) are necessary to correlate this section with the proposed additional authority. It is also proposed to amend this section by eliminating the second sentence which requires that no loan shall be made in excess of the average value of the efficient family-type farm units in the county. Loans will still be limited to farms that are not larger than family-size units and to an amount not exceeding the value certified by the county committee under section 2 (b).

Section 1 (f) of the bill will amend section 12 (b) of the act to increase from $100 million to $125 million the aggregate amount of mortgages or loans which may be insured under title I in any 1 fiscal year. This change is in anticipation of an increased volume of loans under the additional proposed authority.

The change proposed in section 1 (g) of the bill will eliminate the present limitation of insured loans to those not exceeding 90 percent of the fair and reasonable value of farms. The 90 percent limitation has operated to prevent assistance by means of insured loans to many applicants, otherwise eligible, who are unable to provide the balance of the cost of the farm and its improvements. Experience with direct loans has demonstrated that sound loans can be made up to 100 percent of the fair and reasonable value of the farm. The proposed language of the new section 12 (c) (5) will also make this provision consistent with the changes made in section 2 (b) relating to the determination of fair and reasonable value of less than family-size units.

Section 1 (h) would modify section 12 (e) (2) in order to avoid the insertion of legislative language in the appropriation acts authorizing the use of one-half of 1 percent of insurance charges for any administrative expenses of the Farmers Home Administration. As the act is now worded, funds so collected could be used only in connection with the provisions of the act relating to mortgage insurance. Without the modifications contained in appropriation acts in the past, it would have been necessay for each employee to keep track of the amount of his time spent on the mortgage insurance work so that it could be charged against this sum.

Section 1 (i) will amend section 16 (a) so as to add authority to insure loans which will be subordinate to an outstanding first lien. Second mortgages running to the Government for the benefit of the mortgage insurance fund would be taken in connection with such loans. An additional sentence is also proposed so that loans insured under section 16 (a) will be controlled by limits comparable to second mortgage direct loans as provided in the proposed section 3 (a).

Section 1 (j) will add a new section 17 which will provide the Secretary with tempo-

rary authority during the next 3 fiscal years to make and insure loans solely for refinancing existing indebtedness of farmers who qualify for assistance under the amended act. The total of such refinancing loans insured in any fiscal year would be limited to $50 million.

Section 2 of the bill will amend the title of title II of the act from "Production and Subsistence Loans" to "Operating Loans." The new title is believed to be more descriptive and more understandable.

The proposed new section 21 (a) involves the following changes:

1. Loans will be authorized to operators of family-type farms, and to operators of less than family-type farms whose farms are of sufficient size to produce income which, with income from other sources, will enable the operators to pay necessary operating costs and the amounts which will become due on their loans. This change is proposed to permit the correlation of the operating loan program with other efforts being made to assist low-income farmers and to provide credit in designated rural development areas.

2. Section 21 (b) will be amended to substitute a $10,000 limitation on the total outstanding principal indebtedness of a borrower under this section for the present $7,000 restriction on an initial operating loan to a borrower. In addition, a sum not to exceed 10 percent of the annual appropriation for loans under this section may be used for larger loans which would not exceed a total principal indebtedness at any one time of $20,000.

3. The maximum term of loans, including renewals or extensions, would be changed by section 21 (c) from 7 years to 10 years.

4. The following change will be made in the continuous indebtedness limitation of section 21 (d), which makes a borrower under this section ineligible for further loans unless he has liquidated his indebtedness within 7 years. In justifiable cases due to causes beyond the borrower's control, the loan could be renewed or extended for a total period of not longer than 10 years from the date it was made, and additional loans could be made during the extended period. Section 21 (d) also will eliminate the present requirement that debts incurred prior to November 1, 1946, must be included in the determination as to whether the borrower has liquidated his indebtedness under this section on and after November 1, 1953. Some persons who are still farming and who need further credit assistance have never been able to fully pay their indebtedness under the Resettlement and Farm Security Administration programs. The present language is ambiguous with respect to whether such persons have fully liquidated their indebtedness if such debts have been settled without payment of the entire principal and interest either before or after November 1, 1953.

Section 3 of the bill contains amendments to the authority of the Secretary with respect to making and servicing loans under titles I and II, including compromise powers, use of county committees, sale of surplus acquired security property, availability of other credit at 5 percent interest, and the authority to deal with security property.

1. Section 3 (a) will amend section 41 (g) of the act by extending the power of the Secretary of Agriculture to compromise, adjust, and reduce claims and modify the terms of contracts to those entered into or by the Farmers' Home Administration under any of its programs. While most of the claims administered by this agency are covered by the present language, claims arising under the Water Facilities Act, the Wheeler-Case Act, the flood and windstorm appropriations, and the emergency-loan provisions are not subject to the same administrative settlement authorities applicable to claims under this act.

The proposed change in section 41 (g) (1) will remove the $10,000 limit on claims that may be settled by the Secretary. This proposed change would expedite the settlement of claims in excess of $10,000, and provide a uniform basis for settling all claims arising out of transactions under any program administered by the Farmers' Home Administration. The factors affecting the settlement of larger claims are not sufficiently different from those of smaller claims to justify special treatment.

The provisions of section 41 (g) (2) do not permit the release from personal liability of those operating loan borrowers who transfer or convey their security property in satisfaction of their indebtedness to the Secretary. Under the revised language, releases of personal liability may be made to such borrowers. The changes in section 41 (g) (2) (B) are for the purpose of extending the provisions of that subsection to insured mortgage loans and to less than family-size farm units.

Section 3 (a) will also extend the Secretary's authority for cancellation and release of claims regardless of amount under certain restricted conditions. At present, claims of $100 or less may be canceled if those conditions exist. Under Public Law 518, the Secretary has concurrent authority to cancel these and certain similar debts not exceeding $1,000 principal balance. With the removal of the monetary limitation on the cancellation of debts where the debtor has no assets or apparent debt-paying ability, where the borrower is deceased and has left no estate, or where he has been absent from his last known address, is without known assets, and his whereabouts cannot be ascertained without undue expense, the bill will permit such action only after 5 years instead of the present 2- or 3-year limitations. It is also proposed that claims of $150 or less may be canceled if further collection efforts would be ineffectual or uneconomical. This change from $10 to $150 is prompted by comparison with the costs of litigation on such claims.

2. Section 3 (b) of the bill will permit the establishment of county committees for areas not necessarily limited to county boundaries. Topography and means of communication between county seats and parts of some counties make it expensive and extremely difficult to limit uniformly the jurisdiction of the county committee exactly to county boundaries.

3. Section 3 (c) of the bill will strike the words "as family-size farms" from section 43 (d) in order to authorize the Secretary to sell and acquire farm units of less than family-type to persons who would be eligible for the less than the family-type farm loans proposed under section 1 on terms consistent with the modified loan authority.

4. Section 3 (d) of the bill will substitute reasonable rates prevailing in the community for the present limitation of rates not exceeding 5 percent per annum as a guide to determining whether credit from private or cooperative sources is available to the applicant at the time the loan is made or at the time the borrower should refinance his indebtedness to the Secretary by means of such other credit.

5. Section 1 (c) of the act will amend section 51 to permit the Secretary to service mortgages taken in connection with insured loans in the same manner as he is now authorized to service security for direct loans and will extend the authority to preserve and protect the security, bid at foreclosure or other sale, and the other provisions of this section to property involved in loans under any of the acts administered by the Farmers Home Administration. This section of the act now applies to all of the acts administered by the Farmers' Home Administration except the credit sales accounts on water conservation and utilization projects transferred to the agency by the Soil Conservation Service and property which might be acquired under the special emergency loans pursuant to Public Law 727.

Some difficulty has been encountered by the lack of authority to grant easements of rights-of-way for roads and utilities while the security property is in the possession of the Government. The amended section will provide that authority.

NATIONAL LIBRARY OF MEDICINE

Mr. HILL. Mr. President, I am about to introduce a bill, and I ask unanimous consent that I may speak on it in excess of the 2 minutes allowed under the order which has been entered.

The PRESIDENT pro tempore. Without objection, the Senator from Alabama may proceed.

Mr. HILL. Mr. President, on behalf of myself, and the Senator from Massachusetts [Mr. KENNEDY], I introduce, for appropriate reference, a bill to promote the progress of medicine and to advance the national health and welfare by creating a National Library of Medicine.

Mr. President, we introduce this bill at the urgent behest of dedicated men and women identified with the medical sciences whose major objective in life is to contribute to improving the health of their fellow men. These are men and women who know whereof they speak, Mr. President, and many of them believe that the passage of this legislation is a most important and urgent step in the health field which can be taken by this session of the Congress.

That is strong language to accompany the introduction of a bill, which has as its sole and undramatic objective, the establishing of a National Library of Medicine decently housed, efficiently staffed, properly located, and adequately financed. Those phrases may seem so now, Mr. President, but they will seem like great understatements when we realize that the enactment of this legislation will correct a situation of which the Congress and our people are generally unaware but which, so long as it continues, can at any moment result in the destruction of the greatest collection of medical literature in the entire world. I refer to what is now called the Armed Forces Medical Library.

Mr. President, the disaster to which I referred can happen at any moment. Continued neglect can rob us and the world of this treasure. And once destroyed, not all the gold in Fort Knox could recreate it. Should the library of medicine be destroyed, we would lose the ideas, the wisdom, the knowledge, the experience, the thoughtful analysis, the idea-provoking, solution-inspiring collection of different ways of thinking about man's health and well-being that our men of medicine now have at their service. These books and charts and manuscripts of incalculable value are now housed—if indeed that word can be used—some of them in a warehouse in Cleveland and some in a building constructed in 1887 just a few blocks from here, which was condemned 30 years ago as inadequate for library services and which is so antiquated that its iron columns have actually buckled. I have been informed that, unless we in the Congress

84th Congress, 1st Session - - - - - House Document No. 149

DEVELOPMENT OF AGRICULTURE'S HUMAN RESOURCES

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RELATIVE TO THE

DEVELOPMENT OF AGRICULTURE'S HUMAN RESOURCES—
A REPORT ON PROBLEMS OF LOW-INCOME FARMERS

APRIL 27, 1955.—Referred to the Committee on Agriculture and ordered to be printed with illustrations

UNITED STATES
GOVERNMENT PRINTING OFFICE
61813 WASHINGTON : 1955

LETTER OF TRANSMITTAL

To the Congress of the United States:

In this wealthiest of nations, where per capita income is the highest in the world, more than one-fourth of the families who live on American farms still have cash incomes of less than $1,000 a year. They neither share fully in our economic and social progress nor contribute as much as they would like and can contribute to the Nation's production of goods and services.

This human problem is inadequately pictured by charts and figures. Curtailed opportunity begets an economic and social chain reaction which creates unjustified disparity in individual reward. Participation diminishes in community, religious, and civic affairs. Enterprise and hope give way to inertia and apathy. Through this process all of us suffer. This problem calls for understanding and for action.

We must open wider the doors of opportunity to our million and a half farm families with extremely low incomes—for their own well-being and for the good of our country and all our people.

Recommendations to achieve this end have been made to me by the Secretary of Agriculture. I transmit them to you, with my general approval, for your consideration.

The Secretary's recommendations for starting the program are based on the accompanying report, prepared for him by the Department of Agriculture, entitled "Development of Agriculture's Human Resources—a Report on Problems of Low-Income Farmers." This report, more than a year in preparation, emphasizes the long-range nature of the low-income problem in agriculture and will serve to stimulate continuing study and action. Nevertheless, an immediate start is extremely important.

The essential cooperative nature of the undertaking is clear. The recommended program is cooperative as regards individual and group action, as regards private and public agencies, and as regards agencies at local, State, and Federal levels.

The Secretary's 15-point program recognizes that this is not exclusively an agricultural problem but that opportunities for off-farm employment are a part of the solution. Recommendations emphasize the voluntary approach, the importance of working with young people, and the desirability of broadening the program as experience is gained. In all matters, the urgency of the problem is recognized. The proposed program, however, is one of prudence as well as zeal.

A many-sided attack is essential. We need an integrated program in which each part contributes to the whole. Each will be more effective if the others are adopted. Together, they will help toward a solution within the framework of freedom for the individual, respect for his rights as an American citizen, and opportunity to participate more fully in the economic life of our Nation.

Proposals for enabling legislation and the necessary appropriations shortly will be presented to the Congress for consideration.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *April 26, 1955.*

LETTERS OF SUBMITTAL

DEPARTMENT OF AGRICULTURE,
Washington, April 26, 1955.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: In compliance with your request in your special congressional message on agriculture last year, I have given particular attention to the problems of farm people with low incomes. The report which accompanies this letter is addressed to that subject.

The problem is more basic than low incomes expressed in dollars; the fact that it embodies human values—the lives and welfare of people and of families—gives rise to the title of the report, "Development of Agriculture's Human Resources."

The report has been prepared by the Department of Agriculture, with the cooperation of many organizations, groups, and individuals both within and outside of Government. The study brings into bold relief the stubborn fact that large numbers of farm people with small farms have shared unequally in our country's economic and social progress.

Many of these people wish to increase their contribution to the Nation's production of goods and services, and thereby improve their own levels of living. Helping them to accomplish this objective will not only improve the well-being of those directly concerned, but will also add to the Nation's strength. Prudence as well as sympathy should impel us to strengthen our activity in this area.

Price-support programs are of little help to most of these people. Production per farm is so low that only a few dollars can be added to incomes by price supports.

Problems of low income in agriculture, and efforts to alleviate these problems, are not of recent origin. Over the years, many effective methods have been developed for increasing the productivity and raising the incomes of these farm people. Among these methods are new educational techniques, supervised credit, vocational training, and the providing of employment information.

Much has been accomplished in this field during the past several years. Social security was extended last year to more than 5 million farmers and hired farm workers. Research work has been increased. The farm-unit approach, as an educational method, has been expanded and adapted to the special circumstances of farm people with low incomes. Opportunities for off-farm employment have been improved by the providing of employment information. Health services have been improved. Educational opportunities have been broadened. But these programs have not been fully coordinated, and operations have been on an insufficient scale.

The broad objectives of the report are clear—to help farm people with low gross incomes achieve the goals to which they themselves aspire.

The program recommended in the report is long range in nature. Parts of the program are new; other parts have been operating, though not fully developed, for a number of years. Many other methods and operating procedures not reflected in the report will be generated as work progresses.

Clearly, a broad, aggressive, well-coordinated assault is urgently needed. New measures must be launched; established activities must be strengthened. To achieve maximum success, all elements of American life in rural areas must participate in the program. Civic and business leadership, farm organizations, schools, churches, community and service clubs, local, State, and Federal governmental agencies, must all assist in a long-sustained, comprehensive attack on the problems of low-income farm families.

After careful consideration of the problems and conclusions presented in the report, I recommend the launching of pilot operations in not less than 50 of the 1,000 low-income counties during the coming fiscal year. In addition, community development programs can be undertaken. Thus practical experience can be gained in a limited number of areas, and those elements of the program which prove most successful can be utilized as the program is broadened. In the pilot operations, efforts will be made to develop the best practical program of action, having in mind the people, the resources, and the whole range of opportunities. Real progress can be made only through emphasis on matching local plans and efforts with both the individual needs and the actual resources available for individual improvement. The program would comprise the following elements, the proper balance among them to be determined by the special circumstances of each area:

1. Expand and adapt agricultural extension work to meet the needs of low-income farmers and part-time farmers.
2. Develop needed research in farm and home management, human nutrition, population, marketing, and in evaluating experience gained by the pilot program.
3. Provide additional credit for low-income farmers, and extend Farmers' Home Administration services to part-time farmers.
4. Increase technical assistance, such as provided by the Soil Conservation Service, to low-income farmers.
5. Request the Department of Health, Education, and Welfare to encourage the States to expand vocational training in rural areas of low income, instituting as many as 12 pilot operations during the school term starting in the fall of 1955 in order to gain experience needed for broad expansion of this extremely vital part of the total program.
6. Request the Department of Labor to strengthen the Employment Service in rural areas and further to adapt it to the needs of rural people. Areas of rural underemployment should be identified and included as part of the labor-market services to make occupational adjustments easier.
7. Undertake to get more effective programs developed to induce the expansion of industry in rural low-income areas, using facilities of the Departments of Labor and Commerce and the Office of Defense Mobilization.
8. Call upon the State agricultural colleges to make substantial research and extension contributions to a cooperative venture,

employing in part the increased Federal funds already included in the 1956 budget request.

9. Aggressively encourage farm, business, and other leadership to assume local responsibility and to unite in efforts to aid in the development of agriculture's human resources, using trade area and community development programs to increase incomes of farmers and raise living standards. Expansion of these self-help programs should be assisted by the various governmental agencies concerned.

Certain actions by the Congress will be needed in order that this program may be effectively launched:

10. Farmers' Home Administration should be authorized to make loans to part-time farmers.

11. Legislation should be enacted which would concentrate special funds outside the present agricultural extension formula for the purpose of conducting pilot programs and extending assistance to low-income farmers.

12. Appropriation requests are being recommended for your consideration in addition to those in the regular budget for fiscal 1956, to initiate work proposed in this report involving extension, research, soil conservation, farm loans, and related services.

13. Lending authority of about $30 million should be provided for the Farmers Home Administration. Draft legislation and budget estimates relating to these recommendations have been prepared.

Certain administrative arrangements will also be required:

14. The Secretary of Agriculture should coordinate the administration of the total program. A principal official of the Department should be designated to assume the direct administration of the program. Moreover, two coordinating committees will be needed:

A. An interdepartmental committee; and

B. A committee within the Department of Agriculture to coordinate the work of its participating agencies.

15. The Secretary of Agriculture should be required, in September of each year beginning 1956, to submit a comprehensive report to the President on the progress of activities directed toward alleviating the problems of low-income farmers and on plans for advancing the program, thus regularly focusing attention on the program and fixing responsibility for its administration.

LONG-RANGE PLANS

The program outlined for the coming year must be expanded as experience is gained; the above recommendations are but a logical first step toward implementing the far broader program delineated in the report. The desirable rate of expansion and the emphasis to be given to various segments of the program in subsequent years will stand more clearly revealed as the program herein proposed evolves.

The accompanying report has been in preparation for more than a year. It draws on information supplied by farmers and by the major farm organizations. State agricultural experiment stations and other research institutions contributed substantially. The judgment and counsel of practically all recognized authorities in this field were made available. Organized labor, business, and religious groups were consulted as well as agricultural groups.

Information and guidance were furnished by the Departments of Agriculture; Defense; Commerce; Health, Education, and Welfare; Labor; the Farm Credit Administration; and the Veterans' Administration. Congressional reports and publications were also of valuable assistance. Of special value was the experienced judgment of men in local communities, in State agencies, and in the Department of Agriculture, who for many years have dealt at first hand with these problems.

The study was a cooperative undertaking. Task forces, heading up in the Department of Agriculture but with personnel from all the above-named executive agencies, prepared background material. The National Agricultural Advisory Commission provided facilities for review. Substantial agreement was reached by all participating groups on the recommendations contained in the report.

The report, which I herewith forward as a report of this Department, is intended as a general guide and study document rather than as a blueprint. I am convinced that the report both reveals an awareness of the magnitude and complexity of the serious problems of low-income farmers and provides a basis for increased hope and confidence on the part of those millions of citizens of our country.

Sincerely yours,

E. T. Benson, *Secretary.*

Development of Agriculture's Human Resources

A Report on Problems of Low-Income Farmers

Prepared for
The Secretary of Agriculture

CONTENTS

	Page
Preface	iv
Summary and recommendations	1
The approaches	4
General recommendations	5
The major problem areas	6
Generalized problem areas	12
Research and extension	15
Extension and technical assistance—present situation	16
Extension and technical assistance—recommendations	17
Suggested approaches in pilot counties	17
Research—situation and recommendations	18
Agricultural services for part-time farmers	20
Extension programs for part-time farmers	20
Credit for part-time farmers	22
Possibilities from timber	22
Part-time farms—research	22
Credit and financial management	23
Farmers Home Administration services	24
Nonfarm employment information and mobility of farm people	25
Migration from farms	25
Areas not well suited for continuous cultivation	25
Program of the Employment Service	25
Recommendations	29
Industrialization in low-income farm areas	30
Suggestions and recommendations	30
Vocational training	32
Vocational programs	32
Expenditures for vocational training and guidance	32
Recent developments in vocational training	34
Availability of and participation in programs	34
Recommendations	37
Health	38
The amended Social Security Act	39
Recommendations	41
Appendix tables	42

LIST OF TABLES

Page

Table 1.—Number of farm operator families with specific characteristics, classified by net family income, United States, 1950 1
2.—Number of farms by farm sales and by age and major occupation of farm operators, generalized problem areas contrasted with the remainder of the United States, 1950 9
3.—Percentage of the rural farm population 25 years of age and over completing specified educational levels, 1950 9
4.—Specified characteristics, generalized problem areas compared with the remainder of the United States, 1950 11
5.—Number of farms and percentage of specified types with less than $2,500 gross sales of farm products, generalized problem areas compared with the remainder of the United States, 1950 12
6.—Percentage of farmers who had adopted certain recommended practices by value of gross sales, Washington County, 1950 15
7.—Percentage of farmers who reported use of selected channels of farming information, by value of gross sales, Washington County, Ky., 1950 16
8.—Production and subsistence loan data, selected States, Farmers Home Administration, November 1, 1946—June 30, 1954 26
9.—Basis for allocation of Federal funds for vocational training 33
10.—Expenditures for vocational training for the United States and low-income Southern States, fiscal year ending June 30, 1953 35
11.—Percentage of Federal to total Federal, State, and local expenditures by types of vocational training for the United States and low-income Southern States, fiscal year ending June 30, 1953 35
12.—Enrollment of farm youths in vocational agriculture classes for the United States and low-income Southern States, 1950 36
13.—Social security benefits payable to those qualified after August 1954 40

Appendix table 1.—Specified characteristics of commercial farms, generalized problem areas compared with the remainder of the United States, 1950 42
2.—Specified characteristics, averages for commercial farms, generalized problem areas compared with the remainder of the United States, 1950 43
3.—Specified population characteristics of generalized problem areas, compared with the remainder of the United States, 1950 44

LIST OF FIGURES

Page

Figure 1.—Small commercial farms, 1930–50 3
2.—Low-income and level-of-living areas in agriculture 7
3.—Net income of commercial farmers 10
4.—Part-time farms 21
5.—Replacement ratios of rural farm males, aged 25–69 28

THE PRESIDENT,
THE WHITE HOUSE.

DEAR MR. PRESIDENT: As you requested in your Special Message on Agriculture of January 11, 1954, attention has been given to the problems peculiar to farmers with low incomes. A study has been in progress now for more than a year. Results of the study are presented in this Report, which was prepared by the Department of Agriculture.

This Report draws on information supplied by the major farm organizations. Factual findings of the State agricultural experiment stations and other research institutions were supplied. The judgment and counsel of practically all recognized authorities in this field were made available to us. Organized groups from labor, business, and the churches were consulted. Resources were drawn from the Departments of Agriculture; Defense; Commerce; Health, Education, and Welfare; and Labor, as well as from the Veterans' Administration and the Farm Credit Administration. Congressional reports and publications were used. We leaned heavily on the experiences of men in the local communities, in the State agencies, and in the Department of Agriculture who have dealt at first hand with these problems for many years.

The study was a cooperative one. The National Agricultural Advisory Commission provided a setting for the review. Substantial agreement was reached by all participating groups regarding recommendations contained in the Report.

I am transmitting to you, separately, my specific recommendations regarding the launching, during this year, of the long-range program outlined in the Report.

Respectfully yours,

Secretary of Agriculture.

PREFACE

THIS study has been focused on farm people—their needs, their goals and the obstacles they encounter. The principal cause of concentrations of farm people with low earnings has been found to be the inadequate agricultural resources in certain areas rather than any lack in the people themselves.

Proposed solutions of the problem of low income might be based on ideas about the merits of rural as contrasted with urban life. Solutions might be strongly influenced by an opinion as to the size of farm deemed desirable from the standpoint of the national interest. Instead, the hopes of the people themselves have been taken as a guide. Proposed solutions are those which the people most concerned have chosen, as shown by their economic and social behavior. Recommendations are of such a nature as to speed the adjustments which have proved sound over a long period of years.

This study, therefore, sets up no goals other than those voluntarily chosen by the people. The basic philosophy is that people will make wise decisions if they are informed regarding their various opportunities and if their capabilities are enhanced so as to increase the number of choices available to them. Insofar as individuals make wise decisions the national welfare will be advanced.

Special attention has been focused on the young people in the belief that they stand to gain most from a program which will increase the number of opportunities, the awareness of them, and capacities to take advantage of them.

The study emphasizes that the foundation for programs to increase opportunities available to low-income people is the interest and enterprise of local people and communities. But cooperative effort by local communities, private enterprises and the State and Federal Governments can make possible much more rapid improvements in levels of living of low-income families.

The approaches must be broadly formulated. An important part of the solution to the problems of farmers with low earnings lies outside commercial agriculture. Part-time farming and nonfarm employment have long been important avenues through which many farm people have improved their incomes and living levels. Both currently and prospectively, changes in agriculture take the form of the continued movement of many farm people into nonfarm occupations.

While this report is comprehensive, it does not concern itself with all phases of low-income problems in agriculture. For example, it does not cover problems of migratory agricultural workers. Consideration is being given to these problems by the President's Interdepartmental Committee on Migratory Workers.

This report was prepared for the Secretary of Agriculture under his broad authorization, by representatives of various agencies of the United States Department of Agriculture. Numerous task forces were used to develop various sections of the study. These had the active help and cooperation of other departments of the Government. Suggestions were invited from interested groups and organizations from all across the Nation.

Development of Agriculture's Human Resources

SUMMARY AND RECOMMENDATIONS

One of the important farm problems in this country is the development of human resources in agriculture. Farm families with low earnings make up more than a fourth of all the farm families. In the United States, in 1950 there were roughly 5.4 million farm operator families in all. Out of these, about 1.5 million had cash incomes under $1,000 (table 1). Most of these families are on small farms.

President Eisenhower, in submitting his recommendations for a new program to the Congress in January 1954, stated that the Secretary of Agriculture in cooperation with the National Agricultural Advisory Commission would "give further special attention to the problems peculiar to small farmers."

In line with this directive, a review has been made of this problem. This report has been prepared for the Secretary of Agriculture by the United States Department of Agriculture. The purpose is to improve programs already in operation, develop others which are feasible, and suggest further proposals which the Congress may consider.

The procedure has been to review such programs as are in effect in each key area and develop suggestions to improve them. Task forces have been set up, drawn from various government departments and private groups. These have studied various aspects of the problem as will be indicated in this report.

The approach to this problem is here regarded as primarily educational and developmental. There appear to be some direct aids in the way of credit, improved opportunities for off-farm employment, and the like, which can be offered. But it is considered that what-

TABLE 1—*Number of farm operator families with specific characteristics, classified by net family incomes, United States, 1950* [1]

Type of farm family	Total	Net cash family income from all sources	
		Under $2,000	Under $1,000
	Thousands	*Thousands*	*Thousands*
All farm operator families	5,379	2,849	1,513
Farm operator families on small farms [2]	3,287	2,145	1,269
Farm operator families on small farms with heads under 65.	2,680	1,691	943
Families with operator working off-farm 100 days or more.	1,091	404	156
Families with operator working off-farm less than 100 days.	1,589	1,287	787

[1] Derived from "Farms and Farm People," A Special Cooperative Report, U. S. Department of Commerce and U. S. Department of Agriculture, June, 1953.

[2] Farms where the gross sales of farm products were less than $2,500 in 1949.

ever is done must be done within the American philosophy that each individual make his own decisions and set his own goals. Government has responsibility in keeping open the channels of opportunity.

Obviously, this must be a long-range program.

Some improvements have been going on. Some farmers have enlarged and improved their farm operations. Others have found off-farm jobs. Numbers of small, low-income farms have declined (fig. 1). These trends need to be stepped up. The proportion of our farm families on small, low-income farms remains large.

It may be stated as a broad premise that most of the large group of farmers on low-income farms have not shared much in the great advance of agricultural techniques. Many such farms are too small to fit the mechanized farming of the present day. Some of the soils are unproductive. Some of the farmers are old or incapacitated. On the other hand, the large numbers of able-bodied men and women in this group present a challenge to official and private agencies to point the way, if possible, to better incomes and living.

There are nearly a thousand counties in the United States where more than half of the farmers are mainly dependent on the income from small, poorly paying farms. What they are up against, in innumerable cases, is lack of enough good land, lack of equipment, lack of credit facilities, and often lack of the management information and skill which might open wider opportunity to them. In other cases, part- or full-time off-farm employment may be their best opportunity. With better information, training, sometimes credit, sometimes job opportunities off the farm, they can achieve a reasonably good living. They can thereby contribute a larger part to the community and national welfare.

Any substantial reorganization in the areas of limited opportunity is bound to be a long-term process. The job is a large one and is to be undertaken with a sense of persistent effort and of necessary continuity.

As an example, the Mississippi Agricultural Experiment Station recently estimated that the efficient reshaping of farm resources in the Mississippi uplands would mean larger farms and probably double the amount of capital. It also would involve a 60-percent reduction in the number of farm workers. Such changes would take time. The challenge is how to permit the speeding up of solutions already under way by education and by the practical application of credit, employment services, and other facilities which may be brought to bear by official or private agencies.

Of course, the changes in these low-income areas are tied to broader changes which are at work so widely in the whole American economy. The shift from an agricultural to an industrial society has brought a vast demand for industrial workers, and at the same time mechanization has lessened the need for as many workers as formerly on the farms. There has been a considerable movement from farms to urban industry. As output per farm worker goes on increasing, still fewer hands will be needed in agriculture for some time to come, which means a further movement from farm to town, especially from the low-income areas.

Even if our number of farmers were to remain stable during this 1950–60 decade, the mathematical fact is that a fourth of farm-reared

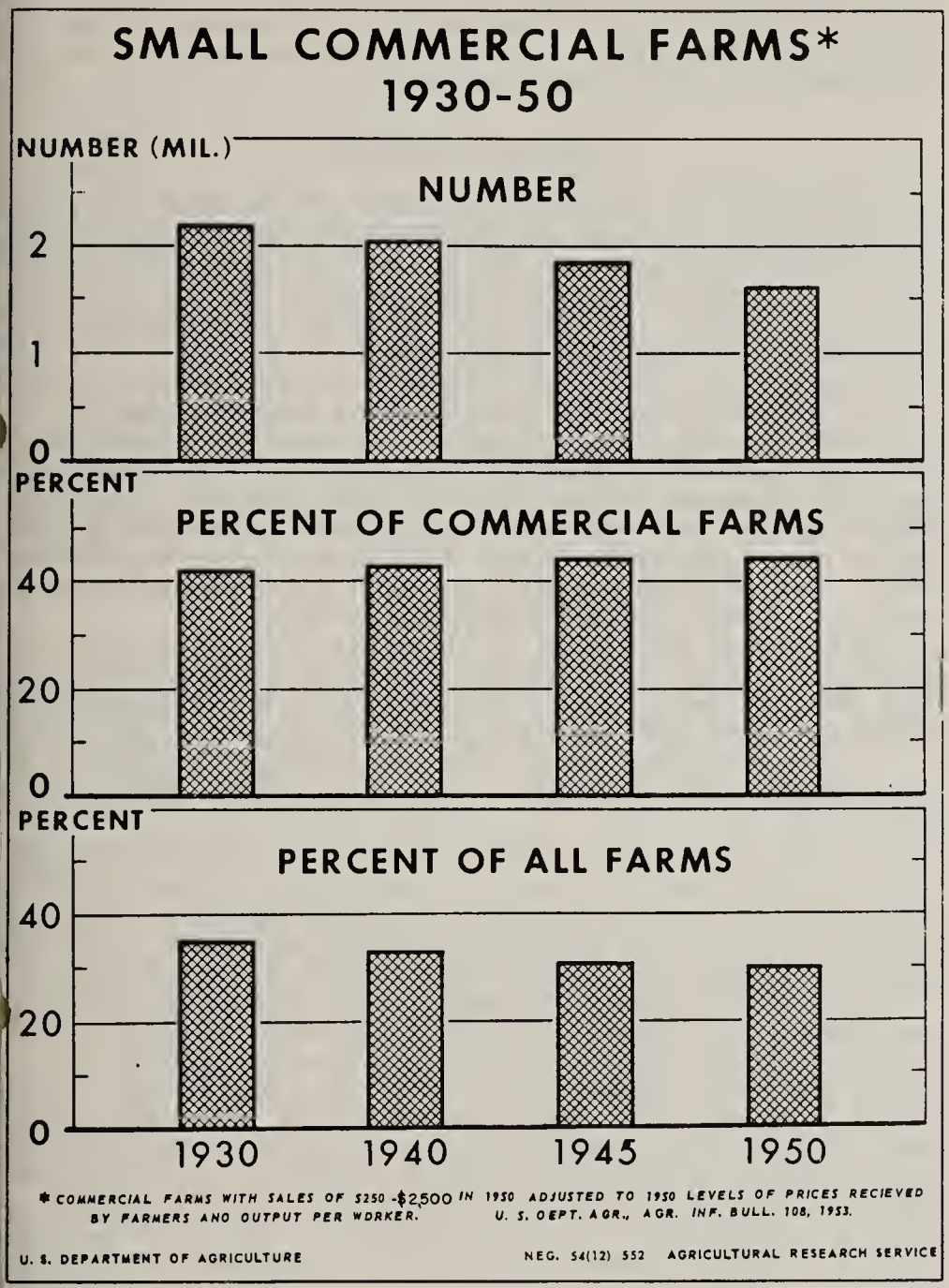


FIGURE 1.

61813 O - 55 - 2

young men would have to be working off farms. In low-income areas this proportion may be a third to a half.

But a technological revolution is taking place on our farms and the hours of labor needed to supply our food needs is decreasing. Perhaps half of our farm youth will desire full- or part-time, off-farm employment during this present decade.

THE APPROACHES

Obviously the greatest need on the low-income farms is the opportunity for greater earnings. In attaining this goal more educational, developmental, and other services are needed. It is these services which may do most to improve the outlook for the coming generation—a consideration of importance when the long-time nature of this problem and its solution is understood.

One part of the problem centers around the older people or those partially incapacitated. For these, probably little practical aid can be given outside the range of welfare and social security services. The recent legislation broadening the coverage of social security will apply very helpfully in this field. In 1950 there were more than 300,000 aged operators on farms with incomes of less than $1,000. In some cases a son or relative helps out with the work or care on these places. But the number of cases as a whole are numerous enough to constitute a moving humanitarian problem.

With respect to the younger, able-bodied farmers in these areas, the chances for enlarging their earnings seem to lie in two general directions: First, by way of more capital, more land, better management and better information on crops and livestock; second, by way of more off-farm job opportunity. Vocational training and other informational and educational aids will help them either in farming or in nonfarm jobs.

The principal changes in these areas will be made by the young people, many of whom have not yet completed their education. It is important that these young people have opportunities for vocational training for both agricultural and nonagricultural pursuits. A sound program must be aimed to help them to help themselves.

Increased Productivity in Agriculture.—Farm technological developments make possible larger farms, improved production practices, and new systems of farming in several of the low-income areas.

Programs for increasing productivity in commercial farming in low-income farm areas must differ from educational programs in other areas. Efforts to improve productivity in commercial farming must be carried out hand in hand with efforts to broaden opportunities for nonfarm employment. Educational approaches must be adapted to reach people with little formal school training and small financial reserves. Technical assistance and advisory programs must be integrated with credit programs necessary to finance adoption of improved practices.

Improved Prospects in Part-Time Farming and Nonfarm Jobs.—Opportunities of this type need to be expanded. Important in this are developments to increase industrialization, part-time farming, nonfarm employment opportunities, and economic mobility.

Expanded and improved information services on job opportunities locally and outside the area should be made available. Measures should be taken to bring low-income farm areas into full consideration in industrial expansion. Services should be made available to assist low-income farmers in determining the merits of part-time farming, both as a more or less permanent activity and as a transitional step to full-time farm or nonfarm work.

Increased Opportunities for Training.—The long-term outlook for improved living in these areas depends largely on the young people now growing up there. Yet only a small percentage have a high school education, and vocational training is seldom within easy access. This limited education and training is a handicap to making the adjustments needed for improving living standards in the areas.

Defense Resources.—The Nation will be strengthened, both for peacetime and defense production, if the problems of low-income farmers are met. Improved education and technical skills, especially in low-income areas, are in the national interest. Need for improved health facilities and better diets is shown by the number of young men not suitable for military service. The move to decentralize industry and locate it in areas of abundant rural labor can be important in defense strategy and will bring supplemental income to families on small farms.

GENERAL RECOMMENDATIONS

1. Federal and State services together should develop and expand technical assistance and extension work with low-income and part-time farmers. During 1955 experimental programs should be launched in a number of counties to gain experience in new approaches.

2. Private as well as cooperative lending agencies should be encouraged to adopt lending policies which would extend more intermediate-term credit to worthy borrowers who are developing their farms.

3. More Farmers Home Administration funds should be made available for intermediate credit to supplement private and cooperative sources. These loans, supported by management guidance and technical services, would assist low-income farmers to become soundly established in a successful system of farming.

4. A State-Federal research program should be undertaken to canvass the problems of such areas and explore approaches. This would give a factual picture of the needs with respect to farming adjustments, local opportunities for off-farm work, improved vocational training and related aspects in community improvement.

5. State and regional meetings should be held by land-grant colleges, credit agencies, and other groups in cooperation with the U. S. Department of Agriculture with the objective of developing programs adapted to local needs.

6. State employment services should improve their services to facilitate employment in farm and off-farm jobs in low-income rural areas.

7. Areas of rural underemployment should be identified and included as part of the labor market services to make occupational adjustments easier.

8. The Department of Agriculture should work with the Office of Defense Mobilization and other agencies on the program of dispersing defense industries, with a view to setting up criteria whereby regions with underemployed rural labor can be recognized as sources of labor supply.

9. Steps should be taken to develop more educational and vocational training opportunities needed by farm families with restricted economic opportunities. Revised formulas for grants in aid for vocational education should be considered. All possible ways of improving educational programs and of making them more readily available to farm people should be explored. Special attention should be given to factors that motivate farm people and to developing greater individual and family interest in getting a better education.

10. The Department of Agriculture and the Department of Health, Education, and Welfare should encourage and appropriately assist States and communities to set up experimental vocational training programs as pilot studies in typical low-income areas. These programs should be designed to increase the individual opportunities to prepare for farm and off-farm employment.

11. The Department of Agriculture and State colleges of agriculture should encourage farm leaders to take part in the State conferences on education that are now being developed in connection with the White House Conference on Education scheduled for November 1955.

12. Inclusion of farmers under the social security program beginning in 1955 was an important step aimed at giving more family security, especially for low-income farmers. Steps should be taken to see that all rural people know how to qualify under the program, and how to use the social security payments to get maximum benefits.

13. Improved health should be promoted. Some of the most urgent needs are better nutrition, development and use of voluntary health insurance, recruitment of medical personnel (especially nurses), promotion and establishment of clinics and other facilities.

14. Trade area programs and community development programs have been effective in increasing incomes and raising living standards. Farm, business, and other leadership should assume local responsibility and unite in efforts to develop agriculture's human resources.

These and other steps are discussed in the sections that follow.

THE MAJOR PROBLEM AREAS

Farms with low income are found in all parts of the country, but such farms are most numerous in areas of dense rural settlement with high birth rates, where there are few outside jobs, and where topography or other obstacles hinder the use of modern machinery. In some places the land is overcrowded, so to speak. The abundance of hand labor has tended to reduce the incentive for making adjustments which would give the farms higher earning power per worker.

Problem areas are shown on the map (fig. 2). Of course the nature of specific problems and the range of possible adjustments vary greatly among and within these generalized areas.

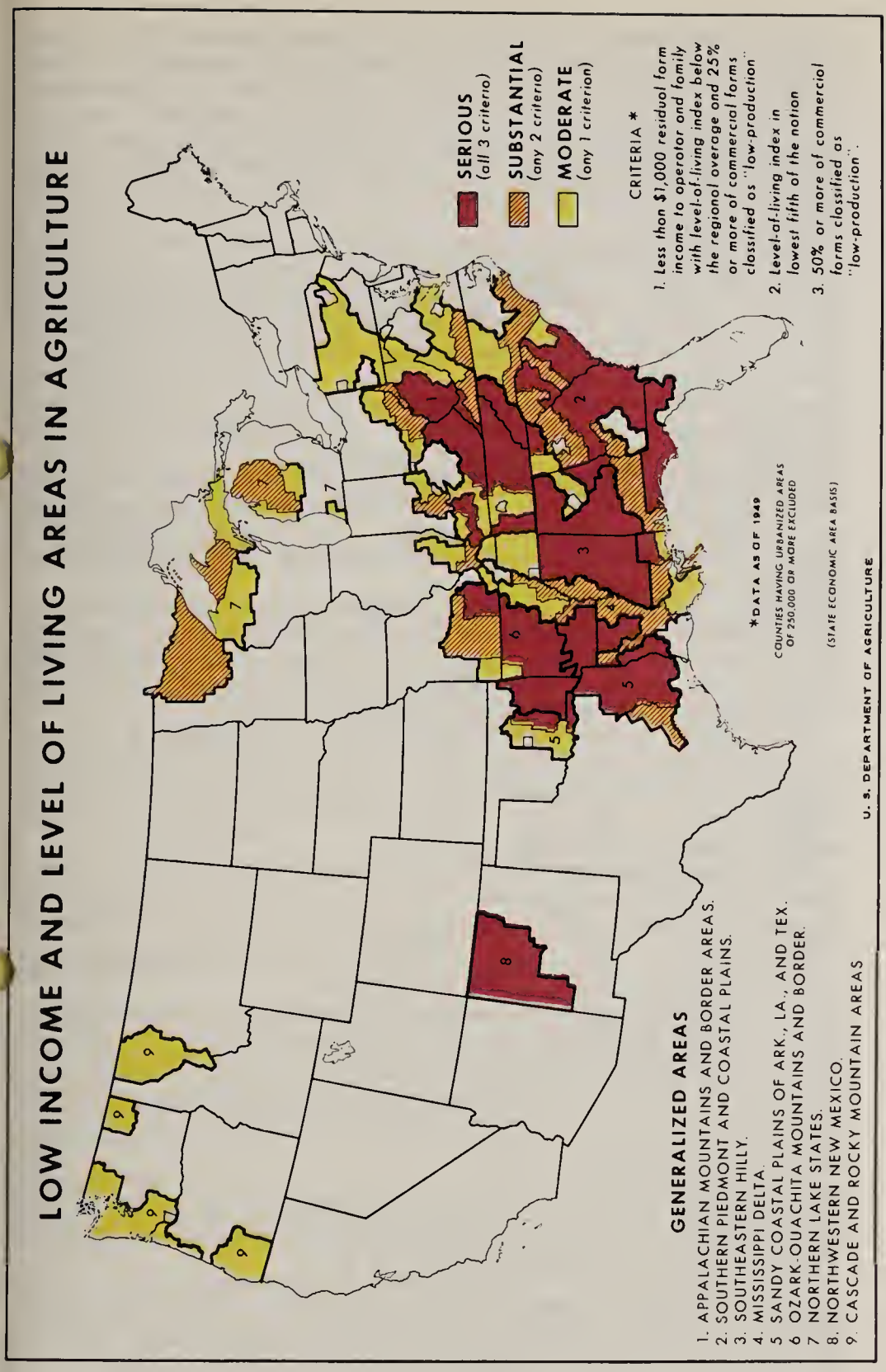

LOW INCOME AND LEVEL OF LIVING AREAS IN AGRICULTURE
SERIOUS
(all 3 criteria)
SUBSTANTIAL
(any 2 criteria)
MODERATE
(any 1 criterion)
CRITERIA *
1. Less than $1,000 residual farm income to operator and family with level-of-living index below the regional average and 25% or more of commercial farms classified as "low-production".
2. Level-of-living index in lowest fifth of the nation
3. 50% or more of commercial farms classified as "low-production".
GENERALIZED AREAS
1. APPALACHIAN MOUNTAINS AND BORDER AREAS.
2. SOUTHERN PIEDMONT AND COASTAL PLAINS.
3. SOUTHEASTERN HILLY.
4. MISSISSIPPI DELTA.
5. SANDY COASTAL PLAINS OF ARK., LA., AND TEX.
6. OZARK-OUACHITA MOUNTAINS AND BORDER.
7. NORTHERN LAKE STATES.
8. NORTHWESTERN NEW MEXICO.
9. CASCADE AND ROCKY MOUNTAIN AREAS
*DATA AS OF 1949
COUNTIES HAVING URBANIZED AREAS OF 250,000 OR MORE EXCLUDED
(STATE ECONOMIC AREA BASIS)
U. S. DEPARTMENT OF AGRICULTURE

FIGURE 2.

These areas were set up on the basis of three criteria: Net income of full-time farmers, level of living, and size of operation.[1] Thus, areas with incomes under $1,000, or having a level of living in the lowest fifth of the Nation, or having 50 percent or more of the commercial farms classed as low production, were selected for study. The area colored red on the map shows where all three of these criteria applied and represents those parts of the country where the problem is most serious.

These problem areas, so-called, strikingly contrast with the rest of the United States. Within these areas in 1950 there were a million full-time farmers of working age who sold less than $2,500 worth of products (table 2). Out of this gross sum they had to pay expenses and rent as well as family living. They represented about 40 percent of all the farms in these areas. Another 40 percent also sold less than $2,500 of products but were primarily nonfarmers or were more than 65 years old. Less than a fifth of the farms in these areas produced and sold $2,500 worth of products.

In the rest of the country three-fifths of the farmers sold $2,500 worth of products or more. Another fifth were engaged in off-farm work or were more than 65 years old. Only a fifth, roughly half a million, were of working age, running farms full time, and selling less than $2,500 worth of products.

Education among farmers from the low-income areas is below average (table 3). In the problem areas they average only 7 years of school completed and only 1 out of 10 is a high school graduate. By contrast, other farmers in the Nation average 8½ years of school and 1 out of every 4 is a high school graduate.

The farmers in the problem areas average somewhat older than outside—although 85 percent of them are under 65 years of age. They also differ from other regions in racial composition, one-fourth being nonwhite. Elsewhere the nonwhite farm population is only one-seventeenth of the total.

In the problem areas the investment in land and buildings is only about one-third that elsewhere (table 4). Cropland averages only 40 acres, compared with 120 acres outside these areas. Studies in-

---

[1] The criteria by which each State economic area in the Low-Income and Level-of-Living Areas was delineated are as follows:

1. A residual farm income to operator and family labor in 1949 of less than $1,000 provided the State economic area had a level of living index below the average for the region and had 25 percent or more of its commercial farms classified as "low production." Residual farm income to operator and family labor represents the income (including value of home use) above operating expenses and a return to capital invested in land and machinery. See Strand, E. G., Heady, E. O. and Seagraves, James, "Productivity Levels in the United States," USDA, ARS, Tech. Bul. (in process).

2. A level of living index in the lowest fifth of the Nation. Items in the index include (1) percentage of farms with electricity, (2) percentage of farms with telephones, (3) percentage of farms with automobiles, and (4) average value of products sold. See "Farm Operator Families Level of Living Indexes," by Hagood, M. J., USDA, BAE, 1952.

3. "Low production" farms comprising 50 percent or more of the commercial farms. Low-production farms are those with sales of $250–$2,499 with the operator not working off farm as much as 100 days and farm sales exceeding family income from other sources. See "Low Production Farms," Agri. Inf. Bul. 108, by McElveen, J. V., and Bachman, K. L., USDA, BAE, 1953.

TABLE 2—*Number of farms by farm sales and by age and major occupation of farm operators, generalized problem areas contrasted with the remainder of the United States, 1950*

Type of farm	Generalized problem areas	Remainder of the United States
	Thousands	*Thousands*
All farms	2, 474	2, 905
Farms with a value of products sold of under $2,500	2, 059	1, 228
Operator over 65 or engaged primarily in nonfarm work	1, 076	847
Operator under 65 and engaged primarily in agriculture [1]	[2] 983	381

[1] Excludes operators 65 years of age and older and those working off-farm 100 days or more. Excludes, also, 225,000 farms on which the operator did not work off-farm as much as 100 days but had other income exceeding sales of farm products. These were included with operators engaged primarily in nonfarm work. It was presumed that most of these would not be classified as low-income farm families.

[2] The number of these farms by value-of-product groups is as follows:

$1,200 to $2,499	344, 000
$250 to $1,199	419, 000
Under $250	220, 000

On farms with under $250 sales, age and days of off-farm work were the only criteria applied.

TABLE 3—*Percentage of the rural farm population 25 years of age and over completing specified educational levels, 1950* [1]

Years of schooling	Generalized problem areas				Remainder of the United States
	Total	Serious	Substantial	Moderate	
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
Less than 8 years completed	54. 8	59. 3	60. 0	44. 6	27. 4
Completing 8 years but not high school	33. 4	31. 0	29. 8	39. 6	46. 2
Completing high school or more	11. 8	9. 7	10. 2	15. 8	26. 4
Total	100. 0	100. 0	100. 0	100. 0	100. 0

[1] Special tabulations from United States Census.

dicate that net incomes are less than half those in the rest of the country (fig. 3).

Although most farmers in the problem areas are owners, these areas include 80 percent of the sharecroppers in the country. Sharecroppers are most numerous in the Mississippi Delta and to a lesser extent in the Piedmont and Coastal Plains.

Farms in these areas are little mechanized, relatively. Only a third of them reported tractors in 1949. By contrast, three-fourths of the commercial farms in the rest of the country reported one or more tractors.

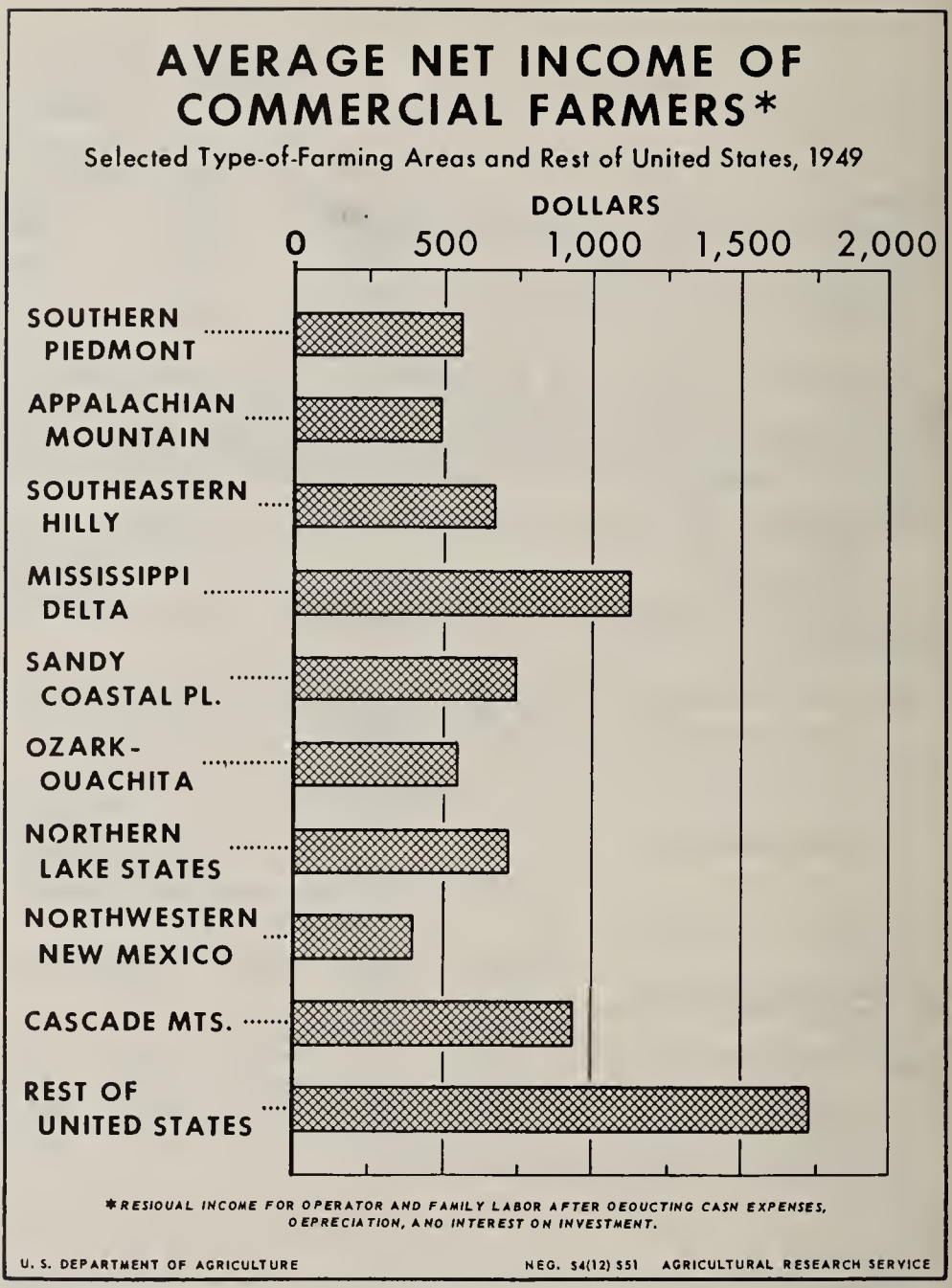

AVERAGE NET INCOME OF COMMERCIAL FARMERS*
Selected Type-of-Farming Areas and Rest of United States, 1949
DOLLARS
0
500
1,000
1,500
2,000
SOUTHERN PIEDMONT
APPALACHIAN MOUNTAIN
SOUTHEASTERN HILLY
MISSISSIPPI DELTA
SANDY COASTAL PL.
OZARK-OUACHITA
NORTHERN LAKE STATES
NORTHWESTERN NEW MEXICO
CASCADE MTS.
REST OF UNITED STATES
*RESIDUAL INCOME FOR OPERATOR AND FAMILY LABOR AFTER DEDUCTING CASH EXPENSES, DEPRECIATION, AND INTEREST ON INVESTMENT.
U. S. DEPARTMENT OF AGRICULTURE
NEG. 54(12) 551 AGRICULTURAL RESEARCH SERVICE

FIGURE 3.

TABLE 4—*Specified characteristics, generalized problem areas compared with the remainder of the United States, 1950*

Item	Generalized problem areas				Remainder of United States
	Total	Serious	Substantial	Moderate	
Rural farm population thousands	11,037	5,084	2,740	3,233	12,011
Percent of United States total percent	48	22	12	14	52
Nonwhite farm population percent	24	26	34	13	6
Commercial farms [1] thousands	1,402	543	399	459	2,305
Percent of United States total percent	38	15	11	12	62
Farms with incomes between $250 and $2,500 percent	71	81	71	59	27
Average per commercial farm:					
Land in farms acres	138	155	118	135	359
Cropland harvested do	41	37	40	46	118
Value of land and buildings dollars	7,762	6,429	7,026	9,670	23,798
Value of farm products sold dollars	2,747	2,111	2,789	3,461	7,751
Percentage of commercial farms:					
Owners, part owners, and managers percent	63	63	53	72	73
All tenants do	37	37	46	28	27
Croppers do	16	14	25	10	2
Reporting a tractor do	34	25	30	49	74

[1] Commercial farms are those having sales of $1,200 or more and in addition, farms with sales of $250 to $1,199 with the operator working off-farm less than 100 days and having farm sales exceeding income from other sources.

The three major soil groups found in the problem areas are: (1) The Red and Yellow Podzolic soils which dominate the southeastern United States; (2) the Grey-Brown Podzolic soils of the Appalachian and Northeast; and (3) the alluvial soils along the Mississippi River. Technological advances have recently raised the agricultural potential of these soils, especially the Red and Yellow Podzolic soils.

The serious low-income areas, colored red on the map, merit separate mention. In these areas production, income, and level of living all fall below minimum standards. Except for the area in northwestern New Mexico, these areas lie entirely within the South and Border South. They encompass the old Cotton Belt, with the exception of the fertile Mississippi Delta and sections that have switched to tobacco or peanuts or which are near large industrial centers. They also encompass most of the Appalachian and Ozark Mountains and plateaus.

The "serious" areas are mainly rural. They have a total population of 13½ million but there is not a single city within them of as much as 150,000 people. Movement away from farms is heavy but families

are large and the number of young people coming along is larger than can live well in the present area economy.

In the "serious" areas are 1,100,000 farms. (See table 5.) Nine-tenths of them had farm sales of less than $2,500. Half of these farmers were dependent largely on their farm income and were under 65 years of age.

The value of land and buildings is less than $5,000, on the average. In 1950 only a fourth of all farms in the "serious" areas had tractors. Many farms are too small to use such machinery effectively. Although there are some good soils, much of the land is hilly or eroded or of low fertility.

TABLE 5.—*Number of farms and percentage of specified types with less than $2,500 gross sales of farm products, generalized problem areas compared with the remainder of the United States, 1950*

Area	All farms	Farms with less than $2,500 gross sales		
		Total number	With operators of working age and primarily dependent upon farming	With operators over 65 or dependent on other income
	Thousands	*Thousands*	*Thousands*	*Thousands*
Generalized problem areas	2, 474	2, 059	983	1, 076
Serious	1, 105	999	488	511
Substantial	619	502	259	244
Moderate	750	557	236	321
Appalachian	719	610	250	360
Southern Piedmont and Coastal Plains	604	493	244	249
Southeastern Hilly	389	349	202	147
Mississippi Delta	210	161	110	51
Sandy Coastal Plains of Arkansas, Louisiana, and Texas	186	159	67	92
Ozark-Ouachita Mountains and border	185	158	70	88
Northern Lake States	103	72	29	43
Northwestern New Mexico	9	8	3	4
Cascade and Rocky Mountain areas	69	49	10	39
Remainder of the United States	2, 905	1, 228	381	847

GENERALIZED PROBLEM AREAS

Area 1—APPALACHIAN MOUNTAINS, VALLEYS, AND PLATEAUS

Largely mountainous country and broken plateaus. Good tillable land is scanty but the farm population is large. Until recent years large parts of the area have been rather isolated. Burley and dark

tobacco farms are the most common commercial types, but the average tobacco allotment is very small. Livestock farms are a close second in number, followed by general farming.

Industrial jobs are spotted in the area but have been good in parts of the Tennessee and Ohio River Valleys. The decline of the coal industry, especially in the Cumberland Plateau, has seriously cut the off-farm income for many small farmers.

Migration of people out of this area has been heavy since 1940. However, farm families are large, with more children than could be absorbed in agriculture even if the size of total farm population remained steady.

Area 2—Southern Piedmont and Coastal Plains

This large area extends from central Virginia to southeastern Louisiana, with two divisions, the Piedmont and Coastal Plain. The Piedmont is rolling or hilly; most of its soils have been abused and are naturally low in plant nutrients but respond to soil and water conservation practices. The Coastal Plain is much more level. Its upper portions are similar in soil type to the Piedmont, but the lower portions are mostly poorly drained sand and muck soils.

Cotton and flue-cured tobacco are the major crops. Peanuts dominate in smaller sections. In the last 30 years tobacco production has expanded while cotton has shrunk. The farm population is nearly 40 percent nonwhite.

Major sections of the Piedmont have offered industrial employment, especially in textiles; but this has not been true of the Coastal Plain, except in the port areas.

Area 3—Southeastern Hilly Area

This represents largely the coastal plain west of the Appalachians and east of the Mississippi River. Topography ranges from prairie to low hills. Soil conditions are similar to those in interior portions of area 2. Cotton is the major source of cash income on three-fourths of the farms.

Average value of land and buildings was only $4,500 in 1950, lower than in any other area. About four-fifths of all commercial farms are in the low-production category. Off-farm work has been hardly worth noting until recent years. Forty percent of the farm population is nonwhite. Nearly half of the commercial farmers are tenants.

Area 4—Mississippi Delta

Farm income in the flood plain of the Mississippi averages more than $1,000, highest of the problem areas. But levels of living are commonly low and more than half the farms are in the low-production category.

This area is different in that it is well endowed with fertile soil, not subject to erosion. The crops grown, cotton, rice, and sugar cane, are raised under plantation type of operation, 40 percent of the land being in multiple-unit operations. Seventy percent of all farmers are tenants, with 40 percent sharecroppers. Part-time and residential farming are much less important here than in other areas.

The pull of employment elsewhere plus the use of laborsaving machinery in cotton production have resulted in a steady decline in number of sharecropper families, and have changed the status of others. Average education of farm adults is only 5.5 years, lower than in any other area.

Area 5—Southwestern Sandy Coastal Plain

The soils of the westernmost part of the old Cotton Belt were long devoted to cotton and corn, but produce those crops poorly in comparison with other areas. Since 1930 much of the land has been taken out of cultivation and livestock has assumed major importance. The farm population has declined very rapidly. More than half of all farms in the area are now residential or part-time. Mechanization has been slow except in central Oklahoma.

Some of the land is being reforested and lumber products are important. Petroleum is also important. Other industries are largely lacking. Thirty percent of the farm population is nonwhite.

Area 6—Ozark-Ouachita Mountains and Border

This highlands area has many physical and population characteristics of the Appalachian country. Its cash crop has been cotton, however, instead of tobacco. Less than half the land is in farms and only a fraction of that is cropland. The great majority of farmers are owners.

Dairy, livestock, and poultry have become of increasing importance, especially in the northern portion, but nearly half the farms are residential or part-time and more than seven-tenths of the rest are small scale commercial. Migration away from the area has been heavy.

Area 7—Northern Lake States

This territory was settled mainly as a lumbering and mining area. With the gradual exhaustion of the timber after 1900, and with the decline of certain mining areas, farming developed. But the soils are shallow and infertile, the season is short, and distance to markets is a problem. About half the farms are low in production. Dairying is the most common type of farming. Through some abandonment of farming, rural zoning, resort development, and reforestation conditions have improved.

Area 8—Northwestern New Mexico

This is a dry and mountainous country through which runs the Continental Divide. Most of the farms are in the upper Rio Grande Valley east of the divide and on the Indian reservations to the west. Only a third of the farms produce enough to be called commercial farms. Most of the rest are residential farms, but many of these are run by young and middle-aged men who have less than 100 days of off-farm work in a year. The land here is little different from other parts of the Southwest.

Most of the farm people, especially in the Rio Grande Valley, are poorly educated, farming small irrigated acreages for home use. The

majority of them speak Spanish. The remainder are largely Indian, many of whom are illiterate and do not speak English. More than 90 percent own their own land. Families are large. Health conditions are poor.

Area 9—Cascade and Northern Rocky Mountains

This embraces most of the land west of the Cascade Mountains in Oregon and Washington, plus northernmost portions of the Rocky Mountains in Washington and Montana. Most of the land is in forest or has been cut over. Most of the low-income families are on poor soil and adverse terrain.

Nearly a fourth of these farmers are 65 years old, or older, a higher proportion than in any other area. Only a fourth are under 45 years of age, a very low proportion. Educational levels are good, higher than the national average. Nearly half the farms are part-time or residential.

Though farm income averages less than $1,000, fewer than half the commercial farms are low-production farms. Dairying is the principal enterprise in the Cascade areas, while cattle ranches are the most common type in the Rockies. In the western portion of the area, nonfarm population growth and industrial development have been heavy since 1940.

RESEARCH AND EXTENSION

In the past, research and extension activities have not reached many of these low-income people effectively (table 6). One reason has been lack of appeal to low-income farmers of the generalized type of services commonly provided. Another has been that solutions for this problem are peculiarly dependent upon an integrated attack

Table 6—*Percentage of farmers who had adopted certain recommended practices by value of gross sales, Washington County, Ky., 1950* [1]

Practice	Annual value of crops and products sold			
	Under $1,000	$1,000–$2,499	$2,500–$3,999	$4,000 or more
	Percent	*Percent*	*Percent*	*Percent*
Artificial breeding	3	7	21	33
Ladino clover	9	16	36	56
Kentucky 31 fescue	12	16	33	55
Calf vaccination	16	20	38	48
Bluestone-lime	35	56	78	76
Tobacco fertilization (1,000 pounds per acre or more)	55	58	75	76
Soil testing	9	14	35	48

[1] For each practice, the percentages are based on the number of farmers having the enterprise to which the practice applies.

Source: "Communication and the Adoption of Recommended Farm Practices," Ky. Agri. Expt. Sta., Progress Report 22, November 1954.

upon all the facets of the problem: that is, those aspects which are concerned with nonfarm employment, credit and financial management, industrial jobs, and vocational training.

Taken in conjunction with appropriate moves along the foregoing lines, it is believed that the recommendations to expand extension services, technical assistance, and research activities would help solve the low-income problem.

EXTENSION AND TECHNICAL ASSISTANCE—PRESENT SITUATION

Extension services and technical assistance in production, conservation, and home management are available in most low-income counties. These services have helped many individuals in these areas. Low-income people have, however, frequently made less use of these facilities than farmers who have more productive businesses, who are generally more receptive to new ideas, and whose incomes permit them to undertake additional investment or some measure of experimentation (table 7). For the most part, extension personnel are fully employed in meeting the requests of those who seek assistance.

The use of extension services by low-income farmers has grown in recent years. Several States have greatly improved their programs in many counties in these areas. Much attention and thought have been given to better approaches but workers and funds have been lacking for a broad, vigorous program of the type required to work effectively with these farmers. Further development and expansion of these extension programs is needed.

During the past year Federal funds for extension have been increased by about 20 percent. Most of this increase (85 percent) is being used in the counties to explore or expand farm and home planning activities. This has permitted new work in many of the low-income counties. But available local funds are not plentiful in many counties having

TABLE 7.—*Percentage of farmers who reported use of selected channels of farming information, by value of gross sales, Washington County, Ky., 1950*

Channel of communication	Annual value of crops and products sold			
	Under $1,000 (N=77)[1]	$1,000–$2,499 (N=164)	$2,500–$3,999 (N=81)	$4,000 or more (N=64)
	Percent	*Percent*	*Percent*	*Percent*
Agricultural agency representatives	27	46	81	88
Farm meetings	9	26	46	64
Farm bulletins	20	36	65	78
Circular letters from county agent	56	70	93	92

[1] *N*=Number of farmers in each group.

Source: "Communication and the Adoption of Recommended Farm Practices," Ky. Agri. Expt. Sta., Progress Report 22, November 1954.

numerous low-income farms and this has seriously limited the services available to these farmers.

Soil and water conservation districts have been organized in all low-income areas. Data from the Soil Conservation Service indicate that for the country as a whole, the distribution of assistance by size of farms corresponds to farm size distributions reported by the census of 1950.

EXTENSION AND TECHNICAL ASSISTANCE—RECOMMENDATIONS

1. Special funds should be provided to set up during the next year or so pilot technical assistance and extension programs in a sufficient number of counties in each low-income area to cover the range of different conditions. Special attention should be given to needs of the young people. In these pilot organizations, consideration should be given to: Setting up county and community committees with a broad base of participation; assembling materials for analysis or planning through cooperative efforts by all agencies concerned; using farm and home management specialist teams to work with individual farmers; exploring methods of working with farm people of limited opportunities; and developing community programs and goals.

2. In the pilot programs additional qualified personnel should be employed for farm and home planning and on-site technical assistance. Personnel should also be able to introduce such changes in methods as may be needed to reach the people involved. Planning should include development of efficient marketing and buying channels.

3. Over the longer term, additional county and community development committees should be organized in all areas where there are significant numbers of low-income farms. These committees should include not only farmers but also representatives of public and private credit agencies, local businesses, employment services, conservation agencies, and extension, vocational, and other educational services. Such committees could help develop local action to increase farm and home efficiency and productivity.

4. In the appropriation of special Federal funds for extension activities to help solve problems of low-income farm people, it is recommended that the basis of allocation recognize: (a) The numbers of low-income farms, and (b) the aggregate income base of each State. A part of the funds might be set up so they could be allocated directly to the States for special projects.

5. It is suggested that the Department of Agriculture take the initiative in bringing about State and regional conferences of leaders in agricultural education, technical assistance, credit, and research. The purpose of such a conference would be to discuss the closely interrelated interests in these fields in the problems of improving the productivity and incomes of farms in the low-income areas.

SUGGESTED APPROACHES IN PILOT COUNTIES

County and community program development committees should be set up to consider the total problem of the area and what can be done about it. These activities would include evaluating alterna-

tives in community development, considering farm enterprises to be encouraged, and setting up a program for special assistance to individual families in developing their own farms.

Any agricultural program in this field must be an integral part of the overall development program for the community or county. It should be an integrated approach. This will mean enlistment of services relating to nonfarm employment, vocational training and guidance, as well as technical services in agricultural conservation and development.

Based upon the preliminary work in a county a special program could be organized to work intensively with interested families who have opportunities to enlarge their farm incomes.

This kind of assistance is intended to help develop a well-balanced farm business, to help plan a wise use of income for living, and to help meet the problem of financing changes. Personal aid is required in helping families think through and work out plans in line with their own resources and values. Also required is an expansion of credit and technical services provided by State and Federal agricultural services and private enterprise.

Regular extension services should also be strengthened in these areas. In counties where additional personnel are being placed, it should be possible to work intensively on farm and home planning activities with at least 50 families a year individually, and perhaps more on a group basis. Advances made by families which have received special help will be noted and followed by other families.

To start with, some work might be done with families on specific problems which affect the farm as a whole. The procedure would be to budget particular changes which affect costs and returns, not only with respect to the specific item, but also as to effects on other parts of the farm business. What a family learns in this way about how to budget and make decisions can be applied to any problem that comes along.

Most of such work would be done with small groups of families who enroll for a series of meetings. This approach would encourage discussion among individuals on problems they have in common, and give opportunity for each family to work on a rather complete program for its own farm. Visits by the group could be made to some of the farms. Followup arrangements would help carry out their plans.

This individualized approach to farm planning is probably the most effective way to help those families who have major adjustments to make and who will need financial help to make them.

Extension and research also should give emphasis to assembly and dissemination of facts relating to the possibilities for increasing efficiency and incomes by low-income farmers working together to meet common problems. Small farmers frequently can cooperate advantageously in the use of equipment and other facilities including such things as farm machinery, electricity, credit, and other facilities. Fuller use of custom services can be helpful. Savings also frequently can be made by combining the sales in marketing farm products and combining purchasing power in securing farm supplies.

RESEARCH—SITUATION AND RECOMMENDATIONS

In recent years most agricultural research has been applied to technical problems of production and marketing. Only limited research effort has been directed toward: Fitting farm units to the changing economic environment; the processes of change in farming, farm population, and levels of living; or the efficient use and extension of credit, and changes in land tenure. These types of research are especially important in low-income areas.

In the period before World War II considerable research of this type was carried on. Often this research can serve as a valuable background in an expanded research effort of this type.

Research activities here suggested are directed toward providing information needed to carry out extension work and technical assistance with low-income families. Additional specialized studies are also needed; these are discussed in other sections of this report.

1. Studies should be undertaken, in addition to those already made, to establish the facts concerning the combinations of resources which will increase incomes and improve levels of family living. Such studies would comprise analysis of soils and related physical resources including the completion of soil surveys where these are not now available. The studies also should include analysis of capabilities and attitudes, of conditions in health and education, and of financial and tenure problems which affect low-income people.

The studies would emphasize the evaluation of farming systems, size of operation, and home management which would provide a satisfactory income and level of living to the farm family. They would include an evaluation of income prospects in part-time farming and off-farm employment as well as commercial farming.

One aspect of this work might be a number of pilot research farms. On such farms new practices and enterprises or combinations could be tested in the setting of a farm business as a whole.

All such research presupposes a high degree of teamwork between scientists in various fields affecting agriculture. The results would provide guides to credit agencies as well as to extension workers.

2. Studies should be undertaken in these areas on practices of lending agencies, including repayment terms; also on the amount of credit likely needed to upgrade farmers' earnings. Suggestions should be developed for guidance of private and government lenders.

3. Studies are needed to determine why farm families cooperate or fail to cooperate in improvement programs and to determine possible new ways and approaches for working with those who have been unreceptive in the past.

4. Studies should be undertaken of how the change to an efficient higher income agriculture will affect the area economy, and how it will affect the levels of living attained by the population. These lines of study would cover population changes, off-farm job prospects, and marketing problems.

5. Research should be undertaken to determine the leasing arrangements and provisions that would be most equitable under the altered farming systems. It should determine the extent to which prevalent leasing arrangements stand in the way of adjustments to higher incomes.

6. Research is needed on production and marketing, covering both the long- and short-term prospects for supply and demand, for the United States and local areas. These would help in determining the most practicable farming systems for the low-income areas.

AGRICULTURAL SERVICES FOR PART-TIME FARMERS

Part-time farming is growing in this country. Off-farm work is one means by which families with low incomes can add to their earnings. However, many families still have only a low income after whatever off-farm earnings they can get. Some consideration, therefore, should be given to services which can be supplied to part-time farms.

What is a part-time farm? The census has a definition. It is a farm with sales of from $250 to $1,199 in a year, with the operator working off the farm 100 days or more, or where the family income from off-farm work exceeds the value of farm sales. In 1949 the census reported 639,000 such part-time farms in the United States, of which 326,000 had cash family incomes of less than $2,000 (fig. 4). In the latter group there were 272,000 operators under 65 years of age. These farms averaged 16.2 acres of harvested crops and $612 worth of products sold per farm.

Residential farms, so-called, are a closely allied group. Such a farm is used primarily as a home and is only incidentally a farm business. The census defines such a farm as one having less than $250 of products sold in a year. Such farms showed an average of only 6.1 acres of cropland, and only $82 worth of products sold. There are some residential farmers, however, who may be interested in expanding their farm operations and who thus come more definitely within the scope of this study.

Many of the suggestions applying to low-income farmers generally also apply to part-time farmers. These involve especially: Properly adapted extension programs, better credit service, and needed research. In making these suggestions, it is recognized that some of them are already being carried out in some States. Several good local studies have been made. Some counties are doing an excellent job in providing extension service for part-time farmers. However, in some areas where the need is greatest there has been the least activity of this kind.

EXTENSION PROGRAMS FOR PART-TIME FARMERS

For some low-income families in this category information about the home and the production of food for the family may be sufficient. Others will need help in planning and managing their farm to make it more profitable. Many boys and girls in part-time farm families belong to 4-H Clubs and the wives to home demonstration clubs.

The following points need to be considered in extension work with part-time farms:

1. A clear understanding by all extension and technical assistance workers as to their potential clientele—the groups they should be working with in the counties. One such group would be the part-time farmers.

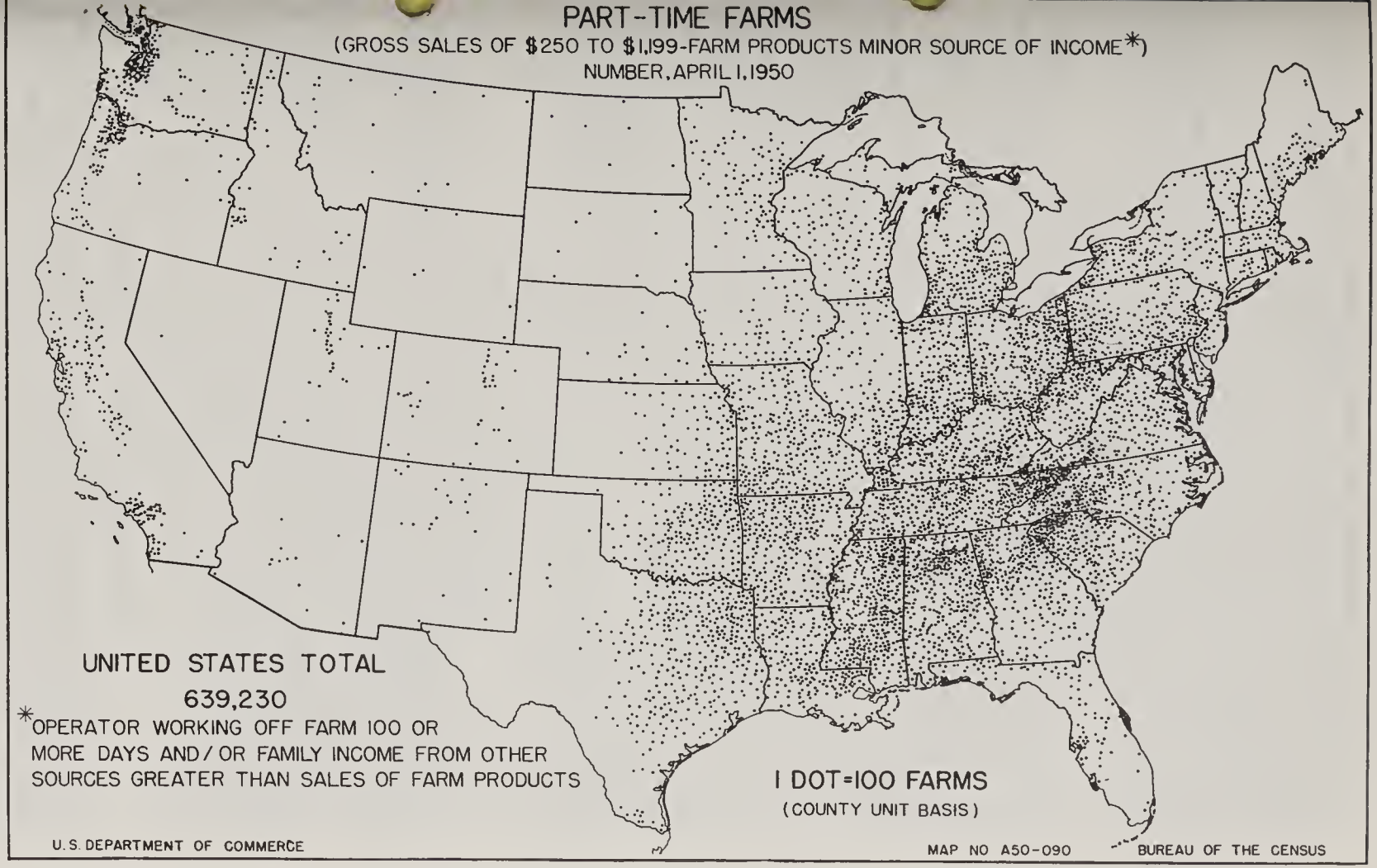

PART-TIME FARMS
(GROSS SALES OF $250 TO $1,199-FARM PRODUCTS MINOR SOURCE OF INCOME*)
NUMBER, APRIL 1, 1950
UNITED STATES TOTAL
639,230
*OPERATOR WORKING OFF FARM 100 OR MORE DAYS AND/OR FAMILY INCOME FROM OTHER SOURCES GREATER THAN SALES OF FARM PRODUCTS
1 DOT=100 FARMS
(COUNTY UNIT BASIS)
U.S. DEPARTMENT OF COMMERCE
MAP NO A50-090
BUREAU OF THE CENSUS

FIGURE 4.

2. Inclusion of part-time farmers on the county extension advisory committees. This would aid in the planning of a county extension program which would better meet the needs of these people.

3. The extension problems should be well determined if the work with part-time farmers is to be effective.

4. Larger county and State staffs are needed to cover this work. This may call for retraining some members of present staffs, as well as the hiring of workers having a background, training, and experience somewhat different from that of many present extension workers.

CREDIT FOR PART-TIME FARMERS

The principal credit problems among part-time farmers appear to be in the field of long-term financing. The credit requirements are generally smaller for stock, tools, and supplies than for real estate. The former needs are met for the most part by banks, production credit associations, and some other lenders. To the extent that these sources fall short, special credit measures could be developed for part-time farmers similar to the proposals made in the Credit section herein.

Credit for housing and other real estate financing is less satisfactory. Some is available from insurance companies and from the Federal Land Banks. The Federal bank loans, however, are limited by the requirement holding appraisal within limits set by the normal income from the farm only. This leaves little opportunity to recognize the home value and repayment capacity from outside income, in making appraisal and loan. A proposed amendment to the Farm Loan Act is now pending in Congress (1955) which would make it possible to broaden the base on which loans are made on these farms; it would permit the appraisal to take account of the home value and of outside income. Adequate facilities do not now exist for Government credit to part-time low-income farmers. Legislation is needed for this purpose. Support of such legislation is recommended.

POSSIBILITIES FROM TIMBER

A considerable number of low-income and part-time farmers are located in marginal areas most suitable for growing trees as a crop. In such areas off-farm earnings from timber cutting can be increased by improved forest management.

To this end, attention should be given to: Extension work in forestry with owners and workers; improved forest credit; more adequate State regulatory laws; and public acquisition where effective management cannot be had under private ownership.

Opportunities for off-farm earnings in public forests can be increased by adjusting policy to encourage small sales, and by the construction of roads to make timber accessible for small-scale buyers.

PART-TIME FARMS—RESEARCH

Research is needed into these lines of information: Number and types of families and their geographic concentrations; their occupations, skills, and capabilities; prospective changes in off-farm work opportunities; the level and stability of incomes; industries adapted

to using local labor and other resources; and the types of farm organization best suited to the working hours of part-time farmers.

Other questions to be answered by research are: Is part-time farming a step to full-time farming or to migration from the farm, or is it a fairly permanent way of life for those so engaged? Has the increase in part-time farming resulted largely from urban workers buying rural homes, or does it stem from families on small farms taking advantage of outside job opportunities? How do the credit requirements of part-time farmers differ from those of full-time farmers, and how adequate are present credit facilities in meeting the need? To what extent are laborsaving expenditures feasible when considered against the alternative of family work outside? What are the problems in land use, community organization, roads, and related facilities in urban fringe areas?

CREDIT AND FINANCIAL MANAGEMENT

Low incomes among farmers are in large part traceable to lack of resources. In many instances sufficient resources could be added to provide for efficient operations.

In the usual case capital must be supplied in the form of credit. To support such credit guidance should be given in management, and educational and technical assistance should be provided.

Despite the progress made by Government and private lenders in aiding low-income farmers, a more organized approach is needed. To this end the following recommendations are made.

1. A concerted effort should be made to encourage private and cooperative lenders to make more loans to enlarge, stock, equip, and develop farms of worthy operators.

An education program toward this end might include publications designed to point out the contribution that local banks and cooperative credit agencies can make. Publications should make clear the benefits to the community from such loans.

Such a program would include courses, demonstrations, and meetings for personnel of lending agencies and for farmers. These sessions would give the latest information on improved practices, on cost and returns of enterprises, and on correct use of credit in improving farming. Farmers and lenders could discuss problems at joint meetings.

Many country bankers have found it profitable to employ full-time agricultural representatives to handle farm credit work, plan farm management, and give guidance to borrowers. Use of additional agricultural specialists by banks and other credit agencies should be encouraged. Arrangements should be made whereby banks and cooperative lending agencies can utilize the farm planning assistance of the extension service. Extension agents, vocational teachers, and others should give attention to helping low-income families make sound use of their resources, including credit.

2. The supply of intermediate-term credit should be increased. Present supply is not adequate. A major need, especially on low-income farms, is to build up a dependable source of intermediate credit. Frequently such loans are not available. Usually when they are available, they are drawn for repayment at the end of the

year with the general understanding that the unpaid portion will be renewed.

Loans for equipment, livestock, or working capital cannot be repaid in a year. It takes time for the increased returns to be realized. In many instances such financing must be carefully done on the basis of well-considered farm plans. It is often impossible for these plans to provide for complete repayment in less than 5 to 7 years. Repayment schedules should be based on a careful appraisal of the debt-paying capacity of the business.

The Farm Credit Administration has recently made decisions which are a commendable step in remedying this situation. The production credit associations have been authorized to make loans for capital purposes with terms up to 3 years, on an experimental basis. The Federal intermediate-credit banks have been authorized to discount such notes. Three years is the maximum term now acceptable for discount under the law. This test will be watched with a great deal of interest. Similar steps by commercial banks and other lenders should be encouraged.

3. Government credit services should be strengthened as needed. Through the use of a carefully planned credit program, supported by guidance and technical aid, the situation for many low-income farmers can be improved. Additional risk will be involved if the program is large enough to reach a major portion of those farmers who have land enough but who lack working capital. The risk of loss is increased by low security ratios and by repayment requirements which leave little margin after expenses.

The experience of the Farmers Home Administration since 1946, however, indicates that the losses from this type of operation need not be high. Table 8 presents in summary these results. One way of reducing risks might be to restrict loans to 90 percent or a lower percentage of the appraised value. This would decrease risk from a decline in prices or an economic slump, but the number of families who could be assisted would be fewer.

The standards used by the Farmers Home Administration in determining the suitability of applicants have much merit. The farmers must have access to sufficient land, be of sound character, and possess reasonable farming skill.

THE FARMERS HOME ADMINISTRATION SERVICES

Sufficient funds from private lenders for insured long-term loans should become available to speed up the program for enlarging and developing farms. These funds should also be open for housing and building improvement loans to potentially efficient farmers. Also, through recent amendments, direct and insured loans for water facilities and soil conservation loans of intermediate length will be on hand throughout the Nation. If these programs develop as hoped, there should be no scarcity of these types of funds.

More loan funds will be required for production loans for the purchase of basic livestock, equipment, fertilizer, seed, and other such items. Help in financing such items will be needed by potentially efficient farmers in moving toward improved and stable operations.

NONFARM EMPLOYMENT INFORMATION AND MOBILITY OF FARM PEOPLE

For many decades more children have been born on farms than could be absorbed into agriculture. Fewer workers have been needed on farms in recent years and the problem of finding jobs elsewhere has become more acute for rural young people. A program to develop and utilize the human resources of agriculture more fully must anticipate a continuing large-scale movement of people away from the farms or into part-time nonfarm employment.

MIGRATION FROM FARMS

Migration resulted in a net transfer away from farms of 6 million persons in the 1920's, 3.5 million in the 1930's, and nearly 9 million in the 1940's. Since 1950, in spite of a high birth rate, migration has reduced the farm population from 25 million to less than 22 million. During the 1950–60 decade, at least one-fourth of the young men reaching working age on farms will be in excess of replacement of older men who die or retire. The map, figure 5, shows replacement rates by areas. In several of the low-income areas a third to a half of these young men will need to take up nonfarm occupations during the present decade even if there is no increase in the size of farms.

AREAS NOT WELL SUITED TO CULTIVATION

There are several areas where poor soil, rough topography, wind erosion, water erosion, or other natural handicaps make farming an almost hopeless struggle. Hired men in these regions have a hard time no less than do farm operators. In many cases the real solution would be to make it possible for families from these areas who wish to do so to relocate and let the land now farmed go back into forest, grazing, watershed protection, wildlife and recreation, or similar uses.

Rural zoning has proved helpful in this problem, particularly when coupled with tax incentives and State assistance to encourage forestry, public acquisition of farm holdings in sections zoned out of agriculture, and a program to assist the affected families to find better opportunity elsewhere.

Public and private acquisition of such lands has accomplished like objectives. Some of the lands have been bought up for State parks, forests, wildlife refuges, county or community forest reserves, municipal recreation and watershed protection, and national forests or national parks and publicly owned grazing lands.

PROGRAM OF THE EMPLOYMENT SERVICE

In these areas of low income and underemployment, helpful programs can be set up to facilitate migration. As a part of its regular program, the Bureau of Employment Security of the Department of Labor has a responsibility for aiding employment. It has no special program of information for farm people on job opportunities elsewhere, except for migratory farm laborers. The Bureau operates through 1,700 local offices in affiliated State employment agencies.

TABLE 8.—*Production and subsistence loan data, selected States, Farmers Home Administration, Nov. 1, 1946—June 30, 1954*

Item	Arkansas	Louisiana	Mississippi	Alabama	Georgia	South Carolina	Tennessee	Kentucky	West Virginia
Number of borrowers receiving loans:									
Farmers with Farm Security Administration loans—number	3, 812	3, 321	5, 800	7, 479	6, 318	2, 084	2, 309	2, 165	427
New borrowers—do	20, 825	21, 945	23, 635	20, 194	24, 903	45, 853	10, 355	12, 605	2, 617
Total—do	24, 637	25, 266	29, 435	27, 673	31, 221	47, 937	12, 664	14, 770	3, 044
Status on June 30, 1954:									
Fully paid—do	18, 636	19, 714	21, 039	21, 075	24, 562	38, 443	8, 883	10, 361	1, 753
Indebted:									
Supervised [1]—do	4, 251	3, 574	5, 141	4, 253	3, 504	5, 238	2, 963	3, 936	1, 191
Serviced only for collection purposes—number	1, 271	1, 263	2, 454	1, 936	2, 018	2, 554	633	331	75
Writeoffs and judgments—number	479	715	801	409	1, 137	1, 702	185	142	25
Total amount loaned—dollars	31, 129, 304	25, 267, 757	30, 569, 104	25, 186, 133	29, 892, 625	26, 814, 107	13, 083, 866	15, 052, 359	5, 283, 538
Matured principal—do	22, 165, 735	18, 668, 238	21, 004, 273	18, 440, 525	21, 945, 235	21, 146, 271	9, 067, 161	9, 882, 923	2, 534, 092
Collections:									
Principal—do	20, 552, 150	17, 901, 588	19, 480, 865	17, 310, 769	20, 335, 480	19, 798, 584	8, 595, 024	9, 200, 235	2, 455, 354
Interest—do	1, 604, 093	1, 055, 923	1, 469, 890	1, 018, 185	1, 186, 440	884, 394	741, 829	931, 200	320, 690
Principal payments as percent of matured principal [2]—percent	92. 7	95. 9	92. 7	93. 9	92. 7	93. 6	94. 8	93. 1	96. 9

Progress of P & S adjustment borrowers paying loans in full and continuing to farm:									
Gross farm income:									
Year before receiving loan [3]—dollars	2, 012	2, 903	2, 060	2, 041	2, 793	3, 123	1, 733	1, 805	1, 641
1952—do	3, 125	4, 524	3, 050	2, 970	3, 661	3, 417	2, 588	3, 110	3, 216
Gross farm income less current operating expenses: [4]									
Year before receiving loan—dollars	1, 126	1, 734	1, 240	1, 214	1, 731	2, 063	1, 194	1, 229	1, 041
1952—do	1, 826	2, 885	1, 971	1, 766	2, 117	2, 179	1, 803	2, 190	2, 012
Net worth:									
At time of receiving loan—dollars	4, 054	4, 599	3, 657	3, 791	4, 066	4, 209	4, 057	3, 596	4, 768
1952—do	6, 248	6, 900	5, 791	5, 056	6, 039	5, 281	6, 778	6, 335	8, 752

[1] Includes a few borrowers with unsupervised annual production loans. [2] Some of the principal payments currently delinquent will eventually be paid. [3] The average years indebted: Arkansas 3.3, Louisiana 2.4, Mississippi 3.9, Alabama 2.4, Georgia 3.1, South Carolina 1.6, Tennessee 4.1, Kentucky 4.1, and West Virginia 6.0. [4] Current operating expenses exclude capital expenditures for machinery and buildings and interest payments.

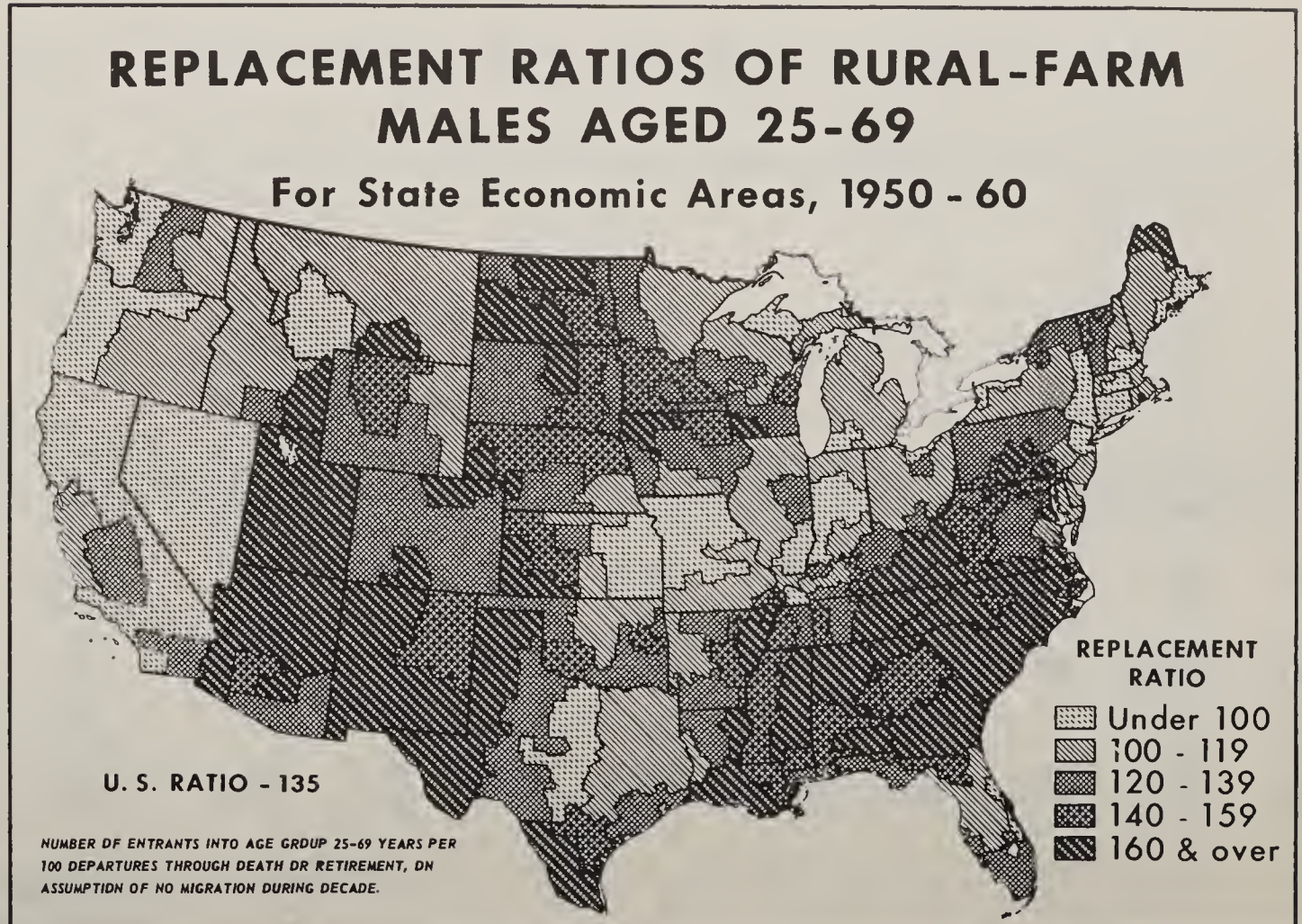

REPLACEMENT RATIOS OF RURAL-FARM MALES AGED 25-69
For State Economic Areas, 1950 - 60
U. S. RATIO - 135
NUMBER OF ENTRANTS INTO AGE GROUP 25-69 YEARS PER 100 DEPARTURES THROUGH DEATH OR RETIREMENT, ON ASSUMPTION OF NO MIGRATION DURING DECADE.
REPLACEMENT RATIO
Under 100
100 - 119
120 - 139
140 - 159
160 & over

FIGURE 5.

Its methods have been adapted to many different labor market situations in the 21 years of its history.

Programs of the Bureau and those of the State agencies are tailored locally to fit varying situations. The Employment Service recruits and places workers through its local office by its knowledge of jobs and skills in the community. If job openings are not filled, they are "cleared" to other offices over a wider area.

Reports on job openings are published regularly in each State and circulated widely. Present reports cover 150 of the major industrial areas on a bimonthly basis. These reports offer information of potential service to those interested in outside work.

During World War II the Employment Service was instrumental in helping large numbers of rural people to find jobs in rural and urban industries. Where transportation costs and guarantee of jobs were offered, workers responded most favorably. Some of the problems which showed up were a division of responsibility between agencies, restrictive legislation, and some unreasonable contracts applying to seasonal farm workers.

RECOMMENDATIONS

When economic conditions are good, reliable information on job openings and industrial prospects can help rural workers who desire outside work. The Federal-State Employment Service supplies such information. What is needed is to gear its programs to the special needs of these rural areas. Services of this type have an important part to play in steadily improving opportunities in low-income areas. To that end the following suggestions are made:

1. Try to familiarize rural people with the facilities of the Employment Service. Farm workers are accustomed to finding jobs through relatives or friends. They do not fully realize the services available through the employment offices or how to use them.

2. Make employment information more available to the farm press, radio, and other media which provide job information to rural areas. Public service announcements in selected areas can be effective if they give specific job information.

3. Provide voluntary registration of rural workers available for outside employment so that information on jobs can be pinpointed to them.

4. Encourage State employment offices to study the needs of rural areas, with a view to extending present facilities to meet those needs, or to relocate employment offices if necessary to get the information where needed.

5. Set up standards to identify the areas where there is population pressure. Then conduct surveys to determine the characteristics of the rural population, skills of workers, availability for outside work, and problems to be overcome if the mobility of the group is to be achieved.

6. Match areas of rural underemployment with industrial areas in need of labor. Thereby it will be possible to assist those who wish to move to places of need in the same general region.

7. Extend the present classification of labor markets to small metropolitan areas and nonmetropolitan areas. Analyze additional

smaller cities to discover expanding industry in areas close to abundant rural manpower.

8. When areas of poor farming conditions have been identified and relocation of workers is desired, it is recommended that the Employment Service develop special programs to meet these needs.

9. Land zoning and public acquisition programs have been found useful in several States. Where lands are surely unsuited to successful farming, it is recommended that State and local agencies, in cooperation with the communities concerned, give serious attention to rural zoning, public acquisition, and related measures. The State agricultural experiment stations should continue to take leadership in making the necessary studies and indicating desirable lines of action. The Extension Service should take the leadership in working with the local people to design and carry out a program of action based on this research.

In programs so developed, attention should be given to ways and means to assist farm families to move to better locations; to help provide funds for desirable shifts in land use; and to encourage the best use of lands left idle. Public ownership of such lands for forests, parks, wildlife, recreation, and watershed protection should be considered. Great care should be used in disposing of such lands to avoid increasing the problem areas.

Agencies of the U. S. Department of Agriculture, particularly the Office of Information, Farmers Home Administration, Federal Extension Service, Agricultural Research Service, and Agricultural Marketing Service can contribute to these recommended activities through regular and special programs, and, where applicable, through their county and advisory groups.

INDUSTRIALIZATION IN LOW-INCOME FARM AREAS

Industrial development offers some opportunities in a number of rural areas which now lack the means of good income. This is especially true where labor is accompanied by local resources and adequate power at low cost. During the last 10 to 20 years industries have played a part in raising the level of earnings in certain low-income rural areas.

Industrial development for an area is often thought of as luring 1 or 2 big plants that will immediately make jobs for all. But the realistic development is more often a progressive growth which uses all resources in the area, including agriculture, forests, minerals, power, and improvement of labor skills through vocational training.

SUGGESTIONS AND RECOMMENDATIONS

1. State and local assistance in leadership and counseling for developing local industry should be expanded.

In the past industries came into some regions without benefit of much local effort. In others local action played quite a part. Sometimes the industry was given financial aid, sometimes publicity and promotion. Mississippi, for example, gave tax concessions to new industries to attract them to the State.

Local promotion involves many activities. Perhaps the biggest task is to appraise the local resources accurately, both physical and human. Judgment is also necessary on the kind of industry that will stand a good chance of success under the local conditions. Research is needed to answer questions along these lines.

For the task of mobilizing local interest and self-appraisal, the industrial development boards and local organizations will be important. The State land-grant colleges and services of the State departments of agriculture, commerce, and labor can help. In areas having rural electric power the Rural Electrification Administration can encourage and service new industries.

2. Appropriate agencies of Government should be enlisted to survey and report on the potential labor supply in rural areas. Federal policies on dispersal of industries, whether for security reasons or to use the Nation's manpower more efficiently, should consider this labor supply.

The labor supply in major urban areas is regularly reported and classified. No similar data exist for rural areas; such data might be developed, though admittedly this would be more difficult than in town. Such data would be of help in selecting plant sites.

Federal policy on dispersal of industry, as laid out by the Office of Defense Mobilization, provides for tax amortization as well as other incentives for a new defense plant in an area of labor surplus, if the area meets certain other requirements. At present rural areas can benefit only if they fall within a labor market area classified as one of substantial labor surplus. If the Department of Labor should classify rural areas, either on a regular or special basis, it would seem possible to extend the special tax amortization to defense plants in areas of rural underemployment.

3. Research should be designed to explore the opportunities for new industries in rural areas; provide technical information on industries suitable for rural location; and improve the efficiency of industries processing or distributing farm products. This research would be intended for those who help decide on industrial enterprises and their locations. The State land-grant colleges and the State and Federal departments of agriculture, commerce, and labor might all make important contributions to such research.

It may be asked what the possibilities are for reducing costs in farm processing plants by improving efficiency and using underemployed rural labor—thereby giving more employment to that labor. No general answer is possible. There has been some expansion of textile, metals, chemicals, and biological industries in the South and West where the labor supply was ample and good roads provided easy access to markets. But in general the food processing industries are located near farming areas. For any cost advantages to come from modern machinery the plant must have a constant supply of raw products, and the output must be marketed effectively. Hence, in many cases labor can be used effectively only if the volume of farm products is first increased.

The Department of Agriculture—perhaps in cooperation with other agencies—could give greater assistance to food processing industries in exploring the possibility of lowering costs.

4. Efforts should be undertaken to increase the use, processing, and productiveness of forests in the rural low-income areas. While the major problem areas tend to be those with poor land, they also have the largest amount of forest land and great opportunities for future industrialization in forest products.

The possibility for developing forest industries is substantial. The employment opportunities include harvesting the timber and the manufacture of lumber and basic timber products; furniture and finished lumber products; paper and allied products; chemical and associated products, including rayon from wood, wood distillation, and naval stores.

VOCATIONAL TRAINING

Vocational training and guidance represent part of the investment that our society makes in the education of its youth and adult citizens. Trained manpower is also fundamental to the strength and security of our Nation. By and large, rural communities have less adequate facilities for vocational training and guidance than do the urban communities. Needs in this field are not being adequately met for a large proportion of rural youths and adults. This lack has been chronic for many years among the low-income farm families. The education and training given to more than 7,800,000 veterans of World War II by the GI Bill provided training to hundreds of thousands of farm-reared veterans who otherwise would not have had such opportunities.

VOCATIONAL PROGRAMS

The Smith-Hughes Act (1917) and the George-Barden Act (1946) provide for Federal-State matching of funds and Federal-State cooperation in developing vocational-training programs. These programs cover agriculture, home economics, trades and industry, and distributive occupations (merchandising, retailing, wholesaling). Vocational guidance programs are also assisted. Table 9 shows how funds are allocated to the State boards of education on a matching basis.

EXPENDITURES FOR VOCATIONAL TRAINING AND GUIDANCE

The Smith-Hughes Act appropriates $7,138,330 annually for vocational education. The George-Barden Act authorizes the appropriation of an additional $29,267,080 a year also for vocational education. In 1953 expenditures for federally aided vocational guidance, as distinguished from other types of vocational education, totaled $1,417,990, of which $373,895 were Federal funds. In addition, there are other vocational-guidance programs financed solely from State and local funds.

Actual Federal, State, and local expenditures for vocational training in the United States, in 1953, totaled almost $146,000,000. The proportion of Federal funds averaged about 18 percent both for the country as a whole and for the low-income Southern States. Among these States the proportion varied from 13 to 30 percent (table 10).

TABLE 9.—*Basis for allocation of Federal funds for vocational training*

	Smith-Hughes Act (appropriations)			George-Barden Act (authorizations)			
	Vocational agriculture	Vocational home economics, trade and industry	Vocational teacher training	Vocational agriculture	Vocational home economics	Vocational trade and industry	Vocational distributive occupations
Annual sum (millions).	$3	$3	$1	$10	$8	$8	$2.5
Basis for allocation to States.	Ratio of State rural population to United States rural population.	Ratio of State urban population to United States urban population.	Ratio of State total population to United States total population.	Ratio of State farm population to United States farm population.	Ratio of State rural population to United States rural population.	Ratio of State nonfarm population to United States nonfarm population.	Ratio of State total population to United States total population.

For the United States as a whole, expenditures are roughly equal among vocational agriculture, home economics, and trades and industry. In the low-income Southern States the proportion spent on vocational agriculture and home economics is much greater than that spent on trades and industry (table 10).

The percentage of Federal funds expended for each of the four fields of vocational training is about the same for the total of the low-income Southern States, as for the United States. In general over the country, the percentage of Federal funds expended for agriculture and trades and industry is greater than the percentage expended for home economics and distributive occupations (table 11).

For the fiscal year 1955 a total of $30,811,591 in Federal funds has been allotted for vocational training in the United States. Of this, $11.7 million is for agriculture, about $9.5 million for trades and industry, about $7.5 million for home economics, $900 thousand for distributive occupations, and about $1 million for teacher training.

RECENT DEVELOPMENTS IN VOCATIONAL TRAINING

From a modest enrollment in 1918 of 164,000 in all types of vocational education, including part time and full time, by 1946 enrollment in the United States passed the 2 million mark. Total enrollment in 1953 was 3.1 million. Each of the major programs—agriculture, home economics, trades and industry, and distributive occupations—has seen a steady growth in enrollment and in funds. Training in the distributive occupations has a more recent history dating back only to about 1938. This program is limited by law to part-time and evening classes for persons engaged in those occupations.

In order to offer training in areas that otherwise could not be served, a few States are setting up area vocational schools; they also are putting such training into community colleges covering a wider territory than existing school districts. This procedure makes possible a greater diversity of training. The cost of boarding away from home may pose quite a problem to youths from low-income families.

Young farmer classes and farm mechanics programs help boys who stay on the farm. A specialist in farm mechanics from the U. S. Office of Education has conducted conferences and workshops for the improvement of instruction in farm mechanics in Alabama, Arkansas, Louisiana, Mississippi, and South Carolina. Special attention also has been given to the training of rural electrification workers. Some rural youths have been enrolled in apprenticeship programs. Training for practical nursing is being stressed.

The groups of courses offered in high schools are being improved and broadened. Workshops have been held to this end.

AVAILABILITY OF AND PARTICIPATION IN PROGRAMS

Concrete studies are needed on how available vocational training is in the low-income areas or on how many in these areas take such training. Available studies are usually college theses or reports evaluating a specific program in a specific area. They do not shed much light on the overall problem of increasing vocational training in low-income areas.

TABLE 10.—*Expenditures for vocational training for the United States and low-income Southern States, fiscal year ending June 30, 1953*

State	Total expenditures	Federal expenditures	Vocational agriculture	Vocational home economics	Vocational trades and industry	Vocational distributive occupations
	Thousand dollars	*Percent*	*Thousand dollars*	*Thousand dollars*	*Thousand dollars*	*Thousand dollars*
Total United States	145, 951	17. 4	47, 490	43, 114	50, 507	4, 839
Total low-income Southern States	39, 864	18. 5	18, 076	13, 829	6, 856	1, 104
Alabama	3, 101	21. 6	1, 327	944	743	88
Arkansas	2, 705	18. 2	1, 290	1, 056	290	68
Georgia	5, 052	14. 3	2, 319	2, 002	589	142
Kentucky	2, 190	31. 1	1, 029	729	384	48
Louisiana	3, 748	13. 1	1, 698	1, 420	524	107
Mississippi	2, 900	21. 2	1, 436	1, 013	396	55
Missouri	3, 145	22. 1	1, 147	1, 022	819	157
North Carolina	5, 278	18. 2	2, 726	1, 867	564	121
Oklahoma	3, 612	12. 2	1, 840	1, 003	653	117
South Carolina	2, 895	17. 0	1, 323	991	505	75
Tennessee	3, 536	20. 2	1, 411	1, 273	769	83
West Virginia	1, 702	24. 3	530	509	620	43

Source: *Digest of Annual Reports of State Boards for Vocational Education to the Office of Education, Division of Vocational Education*, U. S. Dept. of Health, Education, and Welfare, June 30, 1953.

TABLE 11.—*Percentage of Federal to total Federal, State, and local expenditures by type of vocational training for the United States and low-income Southern States, fiscal year ending June 30, 1953*

State	Vocational agriculture	Vocational home economics	Vocational trade and industry	Vocational distributive occupations
	Percent	*Percent*	*Percent*	*Percent*
Total United States	21. 3	14. 6	17. 0	8. 5
Total low-income Southern States	21. 6	14. 0	21. 0	9. 4
Alabama	27. 2	18. 6	16. 9	9. 9
Arkansas	22. 6	12. 1	21. 9	12. 6
Georgia	16. 0	9. 6	25. 0	6. 1
Kentucky	36. 1	25. 2	30. 6	18. 0
Louisiana	13. 3	8. 4	26. 2	8. 1
Mississippi	26. 9	15. 1	16. 6	15. 7
Missouri	28. 5	16. 2	23. 7	5. 5
North Carolina	19. 3	14. 1	28. 4	7. 2
Oklahoma	11. 6	10. 7	16. 7	7. 4
South Carolina	20. 2	13. 2	17. 0	11. 5
Tennessee	27. 1	14. 2	18. 7	10. 4
West Virginia	35. 0	25. 3	14. 8	20. 1

Source: See table 10.

In low-income Southern States, the opportunity for vocational training is limited. Despite the preponderance of farming, not as high a proportion of boys of high school age are enrolled in the vocational classes as for the whole country (table 12).

Many of the educational studies assume that vocational training for full-time agricultural occupations should be expanded. Too little thought has been given to the limited chances of employment in agriculture. Little attempt has been made to prepare farm youths for nonfarm occupations. Little attention is given to bringing into their vocational training the skills which are essential to nonfarm work and part-time farming. As early as 1941 reports of the State agricultural planning committees to the U. S. Department of Agriculture called for area vocational schools to provide nonagricultural training in rural service trades and occupations for the increasing proportion of youth who would enter nonfarm occupations.

TABLE 12.—*Enrollment of farm youths in vocational agriculture classes for the United States and low-income Southern States, 1950* [1]

	Male farm population, age 14–17	Enrollment in all-day vocational agriculture classes	
	Thousands	Thousands	Percent of male farm population, age 14–17
Total United States	998	405	41
Total low-income Southern States	487	171	35
Alabama	49	13	27
Arkansas	37	16	42
Georgia	48	17	36
Kentucky	46	11	24
Louisiana	27	12	45
Mississippi	51	13	26
Missouri	35	11	31
North Carolina	67	27	39
Oklahoma	26	13	50
South Carolina	35	11	32
Tennessee	46	22	48
West Virginia	20	5	26

[1] Data on youths 14–17 living on farms from the 1950 Census of Population and data on enrollment in vocational agriculture from Office of Education, HEW. Figures on enrollment relate to the fiscal year ending June 30, 1951.

Recent followup studies in a number of communities show that the majority of students who take vocational agriculture do not become farmers. These studies show that one-half to three-quarters of these students take up occupations other than agriculture. It may be questioned whether the high percentage of boys enrolled in vocational agricultural classes is realistic in view of the limited opportunities for full-time farming. It may also be noted that in the low-income South-

ern States this percentage is lower than in the country as a whole. (See table 12.)

In one of the more comprehensive followup studies (Nicholas T. Theodorou: "A Study of Former Students of Vocational Agriculture in The Watkins Glen Area," Cornell Univ. Agri. Expt. Sta. Bul. 848, Nov. 1948), it was found that in a New York area 93 percent of these former students who went into farming had opportunities on their own family farms, in contrast to only 51 percent of those who went into nonfarm work. Of those in nonfarm occupations, 62 percent felt that the vocational training in agriculture had not helped them in their present jobs. The remainder reported only slight help. About three-fourths of these both in farm and nonfarm occupations said they would like more training in their present lines of work. They expressed a need for more training in mechanics and shop, accounting, industrial education, and trades.

The New York study recommended more balanced general education and guidance programs with emphasis upon the qualifications necessary for farming; an increase in work experience; supervised programs, and individualized instruction. Area vocational schools were also suggested.

The various followup studies of occupations indicate a need for (1) training in skills and concepts which can be used in a wide variety of jobs in the area, (2) occupational orientation courses, (3) out-of-school vocational classes, and (4) in-service training classes.

RECOMMENDATIONS

A concerted effort is needed to develop more effective training and guidance programs for rural youth. Local, State, and Federal governments should work with public leaders in education, business, industry, labor, and farming to this end. Efforts should be directed especially toward the low-income areas.

1. The U. S. Department of Agriculture in cooperation with other State and Federal agencies should undertake research studies in low-income rural areas. These studies should be designed to obtain information about the opportunities for youth in nonfarm occupations; to find out the extent to which vocational training is available to youths and young adults in low-income farm families; and to learn how much training farm boys are getting in nonfarm fields in the schools of these low-income areas. The studies should also assess the resources available to meet those needs.

Such facts would give a basis for the planning of needed action.

2. The Department of Health, Education, and Welfare, in cooperation with the Department of Agriculture and other State and Federal agencies should endeavor to establish several experimental and demonstration vocational training programs in typical low-income areas.

These demonstration centers would aim to develop techniques for counseling and guidance, testing for aptitude, and special lines of instruction adapted to the background and orientation of rural boys. Along with this would go programs of on-the-job and apprenticeship training, as well as followup studies to help size up and improve the programs. Such programs should be expanded as experience justifies.

3. The State colleges of agriculture and the Department of Agriculture should encourage farm leaders to participate in the State conferences on education such as are now (1955) being developed in connection with the White House Conference on Education. The objective would be to have the conferences consider vocational training needs of farm people for farm and nonfarm occupations.

Where there are many low-income families, the State conferences should discuss and recommend the steps necessary to improve vocational programs, including financing.

4. Strengthened vocational guidance services are needed in the counseling programs administered by the State educational agencies and the State employment services to serve the needs of youth in low-income farm families.

5. In view of the fact that for many years about half the farm youths have been leaving farms, public schools serving rural people need to emphasize training and counseling in skills which are in demand in nonfarm occupations.

6. Efforts should be made to get more young part-time farmers and small farmers to take part in vocational training or retraining programs. Training facilities should be expanded and strengthened. Training in skills, together with more information about outside jobs, would tend to increase employment of underemployed farm operators. Pilot programs in several areas should be set up to develop experience for training and retraining of adults.

7. An interdepartmental work group should be set up to study specific steps to meet educational needs in low-income farm areas. Possible improvements in the bases for allocating additional Federal grants in aid to vocational training should be considered so as better to meet these needs.

8. Progress in training and guidance programs should be accompanied by continuing efforts to improve basic educational programs and facilities of primary and secondary schools serving rural children and youth. Better school buildings and equipment, better rounded programs of study, and better quality of teaching are urgently needed in low-income areas.

The President's message to the Congress of February 8, 1955, recommended immediate action to help overcome school classroom shortages.

HEALTH

In rural low-income areas health services are generally inadequate, and the practices of low-income families lead to poor health conditions.

Much greater emphasis should be given to health education in these areas. Particular attention is needed with respect to (*a*) family health practices and (*b*) community solving of health problems. Existing extension and other programs directed toward the rural family should place more stress on health. These education programs should be designed to reach and serve low-income families more effectively. County or other local public health units should be more widespread; development of existing units is needed. Multicounty units are proving practical in sparsely settled areas. Recruitment of medical personnel, especially nurses, should be encouraged.

Development and use of voluntary health insurance to help families meet the costs of medical care and hospitalization also should be encouraged. Opportunities for group enrollment of farmers, other self-employed, and farm workers would help bring about greater coverage.

The establishment of a continuing basis for cooperation between agricultural agencies and health agencies at all levels is important if these agencies are to work most productively to promote the health of rural people.

THE AMENDED SOCIAL SECURITY ACT

The recent extension of social security legislation should strengthen the economic security of millions of farm families generally and have special significance for low-income farm families. There has been a growing awareness over the years of the need for social security for farm people. In 1950 the Social Security Act was successfully applied to nonfarm self-employed persons and to regular hired farm workers. More recently the program was extended to self-employed farm operators and to the bulk of the hired farm working force. Surveys made by the various land-grant colleges and the U. S. Department of Agriculture have disclosed that many farmers had not accumulated adequate resources for retirement and that a majority of them favored extension of social security to farm people.[2]

Beginning January 1, 1955, all farm operators who earn $400 or more a year net income from their farming operations will be covered by the Old-Age and Survivors insurance program. Coverage has also been extended to hired farm workers who earn $100 or more cash pay from any 1 farmer during 1 calendar year. The Social Security Administration estimates that about 3½ million farmers will come under these provisions, as well as about 2 million hired farm workers, in addition to the 700,000 hired hands to whom the law was previously applied.

As of January 1, 1955, farmers began to build up retirement credits and survivors insurance by paying a social security tax. This tax will be paid beginning in 1956, on 1955 incomes. Farm operators will pay a 3 percent tax on the first $4,200 of their net income.

In return a farmer upon reaching the age of 65 will become entitled to a retirement benefit which will range from $30 to $108.50 a month,

[2] *Old Age and Retirement in Rural Connecticut*, Storrs Agricultural Experiment Station (in cooperation with BAE, U. S. Dept. of Agriculture) Bulletin 299, June 1953; *Farmers Conceptions and Plans for Economic Security in Old Age*, Wisconsin Agricultural Experiment Station (in cooperation with BAE, U. S. Dept. of Agriculture) Research Bulletin 182, September 1953; *The Farmer Looks at His Economic Security*, Texas Agricultural Experiment Station (in cooperation with U. S. Dept. of Agriculture) Bulletin 774, January 1954; *Attitudes of Farm Operators in Harrison County, Kentucky Toward Old-Age and Survivors Insurance Program*, Kentucky Agricultural Experiment Station (in cooperation with AMS, U. S. Dept. of Agriculture) Preliminary Report, June 1954. *Problems of Economic Security for Farmers in Reference to Social Security*, Maryland Agricultural Experiment Station, Miscellaneous Publication No. 169, June 1953. *Maryland Farmers Look at Social Security*, Maryland Agricultural Experiment Station, Bulletin No. 446, January 1954. *Old Age Plans and Programs of Farmers:* Tompkins County, New York, New York Agricultural Experiment Station, Bulletin A. E. 698, April 1949.

according to the amount of income upon which he has paid the social security tax (table 13). The farmer's wife, upon reaching age 65, also becomes entitled to a monthly benefit, so that for the farmer and his wife together the monthly benefit may be anywhere from $45 up to $162.80.

There are also survivors' benefits for a widow and children under 18 years of age.

Farmers who are now close to 65 years of age or over 65 can become insured under this program within 2 years and then be entitled to its benefits.

A few illustrations may help to make clear what these benefits are.

Suppose Farmer Brown is 50 years old, his wife is the same age, and he averages a net income of only $1,200 a year. His yearly contribution will be 3 percent or $36, which is to be paid at the time he pays his income tax for the preceding year.

Mr. Brown will be covered, beginning January 1, 1955, though he will not pay his first tax until early in 1956. If he keeps earning about the same income and retires after 15 years, when he and his wife have reached 65 years of age (assuming they have no children under 18), they will receive $82.50 a month as long as both live, and the survivor will receive a reduced amount for the rest of his or her life.

But suppose Farmer Brown dies in 1958 after paying social security tax for only 3 years ($108), leaving Widow Brown and 2 small children. As long as the children are under 18 years of age Mrs. Brown will receive each month a social security check for $82.60.

For farmers who are near retirement age, the program is especially attractive. If Mr. Smith is 63 years old, his wife the same age, and he has the same farm income as Mr. Brown, he can retire after paying the tax for only 2 years.

TABLE 13.—*Social security benefits payable to those qualifying after August 1954*

Average monthly earnings	Retirement benefits		Payments to survivors		
	Worker's monthly benefit	Worker and wife	Widow, child, etc.	Widow and 1 child	Widow and 2 children
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Dollars*
$45	30. 00	45. 00	30. 00	45. 00	50. 20
$100	55. 00	82. 50	41. 30	82. 60	82. 60
$150	68. 50	102. 80	51. 40	102. 80	120. 00
$200	78. 50	117. 80	58. 90	117. 80	157. 10
$250	88. 50	132. 80	66. 40	132. 80	177. 20
$300	98. 50	147. 80	73. 90	147. 80	197. 10
$350	108. 50	162. 80	81. 40	162. 80	200. 00

Because of this special provision for those nearing retirement age to become covered in a shorter than normal period, the benefits of this new coverage will be felt in rural communities within a few years. The financial burden of the Old Age Assistance program, which has been much heavier in rural than in urban areas, will be lightened as farmers and hired workers retire on insurance rather than on public assistance—which is financed in part by the State or locality. Persons under age 72 can earn as much as $1,200 in a year and still receive all the social security benefits to which they are entitled. After age 72, a beneficiary can draw all his benefits no matter what amount he earns. There is a special provision to lighten the task of bookkeeping for small farmers. If the farmer's gross sales are not over $1,800 in a year, he may simply estimate his net income as one-half the value of his sales, without itemizing expenses.

For larger-scale farmers there is a special provision which enables them to retain coverage for a year in which expenses were unduly high—or sales were unduly low because of crop failure or other reasons. If a farmer fails to show a net income of as much as $900 under such circumstances, he may report and pay tax on $900, provided his gross sales were more than $1,800.

Farmers, as well as others concerned, will pay social security tax on only the first $4,200 of the year's net income. Earnings above that are not taxed for social security purposes.

While the amended Social Security Act will bring under its coverage many low-income farm families, many other such families will not qualify. Farmers whose net income from the farm is under $400, do not qualify for coverage.

In 1949 this lower limit would have eliminated between 40 and 50 percent of the farm operators in the South, their net farm incomes being under $400. Some portion of these, however, may get coverage by reason of their employment in farm or other occupations covered by the law. Others may be able to raise their farm incomes above the $400 mark and so get coverage. Data are lacking to estimate these various categories; studies should be made to obtain such information.

RECOMMENDATIONS

1. The recent extension of Old Age and Survivors Insurance to farmers and hired farm workers should be explained through an educational program to farm people in the low-income areas. This will involve information and studies of conditions facing farmers in those areas.

The Old Age and Survivors Insurance Program is something new to most farm people; they will look to extension services for information about its requirements and benefits. This is especially true of older persons who will want to retire fairly soon. Many low-income families are probably uncertain whether they are eligible under the law. Participation undoubtedly can be broadened if full information on eligibility requirements reaches farm families in these areas.

2. Research studies should be planned by agencies of the Department of Agriculture which are concerned with rural levels of living and related fields, to gage the developing effects and impact of the social security program on rural life.

APPENDIX TABLES

APPENDIX TABLE 1.—*Specified characteristics of commercial farms, generalized problem areas compared with the remainder of the United States, 1950*

Area	Commercial farms [1]		Percentage of commercial farms				
	Number	Percent of United States total	Small farms [2]	Owners, part-owners and managers	All tenants	Croppers	Reporting a tractor
	Thousands	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Generalized areas	1, 401. 7	37. 8	70. 6	63. 4	36. 6	16. 0	34. 0
Appalachian Mountains and border	346. 9	9. 4	68. 6	82. 2	17. 8	5. 6	39. 7
Southern Piedmont and Coastal Plains	364. 9	9. 8	69. 7	54. 2	45. 8	21. 9	27. 1
Southeastern Hilly	237. 5	6. 4	83. 2	51. 0	49. 0	20. 0	23. 2
Mississippi Delta	166. 0	4. 5	70. 7	30. 1	69. 9	41. 7	26. 7
Southwestern Sandy Coastal Plains	90. 5	2. 4	70. 7	66. 8	33. 2	6. 7	35. 6
Ozark-Ouachita	94. 5	2. 5	71. 4	84. 1	15. 9	1. 7	33. 7
Northern Lake	68. 2	1. 8	53. 8	94. 3	5. 7	------	76. 3
Northwestern New Mexico	3. 1	------	61. 3	90. 8	9. 2	------	46. 0
Cascade and Rocky Mountains	30. 1	. 8	42. 6	93. 3	6. 7	------	70. 7
Remainder of the United States	2, 304. 7	62. 2	27. 3	72. 6	27. 4	2. 4	74. 1

[1] Commercial farms are those having sales of $1,200 or more and, in addition, farms with sales of $250 to $1,199 with the operator working off-farm less than 100 days and having farm sales exceeding income from other sources.

[2] Farms having gross sales of $1,200 to $2,499 plus farms having gross sales of $250 to $1,199 provided that the operators of this latter group worked off-farm less than 100 days and provided also that the income to the operator and his family from off-farm work was less than the value of all farm products sold.

APPENDIX TABLE 2.—*Specified characteristics, averages for commercial farms, generalized problem areas compared with the remainder of the United States, 1950*

Area	Average per commercial farm			
	Land in farms	Cropland harvested	Value of land and buildings	Value of farm products sold
	Acres	*Acres*	*Dollars*	*Dollars*
Generalized areas	138. 0	40. 5	7, 662	2, 747
Appalachian Mountains and border	131. 5	40. 4	8, 691	2, 752
Southern Piedmont and Coastal Plains	126. 1	38. 6	6, 593	2, 613
Southeastern Hilly	108. 8	33. 8	5, 512	1, 912
Mississippi Delta	89. 4	45. 8	7, 841	3, 427
Southwestern Sandy Coastal Plains	220. 5	44. 6	8, 393	2, 775
Ozark-Ouachita	186. 0	40. 9	6, 941	2, 617
Northern Lake	156. 5	54. 7	9, 328	3, 429
Northwestern New Mexico	2, 334. 1	48. 2	23, 589	5, 238
Cascade and Rocky Mountains	194. 1	39. 8	19, 431	5, 652
Remainder of the United States	359. 2	117. 7	23, 798	7, 751

APPENDIX TABLE 3.—*Specified population characteristics of generalized problem areas, compared with the remainder of the United States, 1950*

Area	Rural-farm population		Percent distribution of rural-farm population 25 years old and over by years of school completed			
	Number[1]	Percent Non-white	Total	Less than 8 years	Completed 8 years but not high school	Completed high school or more
	Thousands	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Generalized areas	10, 979	24. 2	100. 0	55. 1	33. 3	11. 6
Appalachian Mountains and Border	3, 313	2. 5	100. 0	49. 4	37. 9	12. 7
Southern Piedmont and Coastal Plains	2, 832	39. 4	100. 0	65. 9	24. 8	9. 3
Southeastern Hilly	1, 694	40. 1	100. 0	58. 7	31. 0	10. 3
Mississippi Delta	1, 009	49. 7	100. 0	73. 4	20. 1	6. 5
Southwestern Sandy Coastal Plains	734	29. 9	100. 0	53. 1	35. 6	11. 3
Ozark-Ouachita	718	4. 7	100. 0	41. 7	45. 0	13. 3
Northern Lake	438	. 9	100. 0	31. 5	50. 1	18. 4
Northwestern New Mexico	51	33. 3	100. 0	60. 5	24. 1	15. 4
Cascade and Rocky Mountains	190	1. 8	100. 0	20. 3	48. 5	31. 2
Remainder of the United States	12, 011	5. 8	100. 0	27. 4	46. 2	26. 4

○

H. R. 11544

84TH CONGRESS
2D SESSION

H. R. 11544

IN THE HOUSE OF REPRESENTATIVES

MAY 31, 1956

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

Section 1 (a) is amended by striking from the second sentence thereof the words "to assist borrowers under this title in making the" and inserting in lieu thereof the words

"or insured for" and by striking the word "their" preceding the words "farming operations".

(b) Section 1 (b) is amended by inserting after the word "only" in the first sentence the words "farm owners", by striking the words "(including owners of inadequate or underimproved farm units)", and by inserting in lieu of the words "the major portion" the words "a substantial portion".

(c) Section 1 (c) is amended to read as follows: "No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: *Provided, however,* That—

"(1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

"(2) loans may be made or mortgages insured to owner-operators who are bona fide farmers who have during one or more of the last ten years depended on

farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, to repair or improve such farm units, and to refinance indebtedness of the owner incurred for agricultural purposes, if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loan."

(d) The second sentence of section 2 (b) is amended by striking the period at the end thereof and inserting a comma and the following: "except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm."

(e) Section 12 (b) is amended by striking the figures "$100,000,000" and inserting in lieu thereof the figures "$125,000,000".

(f) Section 12 (c) is amended by striking item (5) thereof and inserting in lieu thereof a new item (5) reading as follows:

"(5) The principal obligation (plus the amount of the prior lien, if any, and fees and charges chargeable under subsection (d) of this section) shall not exceed 90 per

centum of the value of the farm as certified by the county committee pursuant to section 2 (b);"

(g) Section 12 (e) is amended by striking from the last sentence of item (2) the words "to carry out the provisions of this title, relating to mortgage insurance" and by inserting in lieu thereof the words "of the Farmers Home Administration and may be transferred annually to that administrative expense account and become merged therewith".

(h) The following new section 17 is added:

"SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers on farms of not more than family size who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fufill. No such loans shall be made to an applicant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate, less any prior lien indebtedness not to be refinanced, and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebted-

ness shall be adjusted so as to be within such values. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000."

SEC. 2. Title II of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words "Production and Subsistence Loans" in the title and inserting in lieu thereof the words "Operating Loans", and by the amendment of section 21 to read as follows:

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence: *Provided, however*, That loans may be made to operators who are bona fide farmers who have during one or more of the last ten years depended upon farm income for their livelihood and who are conducting substantial farming operations on units who are less than family-type units, if the units are of sufficient size to produce income which, together with income from other sources, including pensions in the case

of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No initial loan to any one borrower under this section shall exceed $8,000 and no further loan may be made under this section to a borrower so long as the total amount outstanding under this section, including accrued interest, taxes, and other obligations properly chargeable to the account of the borrower, exceeds $15,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed seven years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: *Provided, however,* That in justifiable cases, in areas designated under Public Law 875, Eighty-first Congress, as amended (42 U. S. C. 1855), for agricultural assistance or where the Secretary has made loans under Public Law 38, Eighty-first Congress, as amended (12 U. S. C. 1148a), or under Public Law 727, Eighty-third Congress, as amended (12 U. S. C. 1141a–1), where the Secretary finds that the inability of a borrower to

repay his indebtedness under this section within seven years is due to natural causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed a number of additional years equal to the number of years the area has been designated for such emergency assistance or loans. The Secretary may make additional loans to such persons, if necessary, during the same number of additional years."

SEC. 3. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

(a) Section 41 (g) is amended to read as follows:

"(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers' Home Administration under any of its programs, as circumstances may require: *Provided, however,* That—

"(1) compromise, adjustment, or reduction of claims of $15,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General pursuant to the provisions of section 3469 of the Revised Statutes (31 U. S. C. 194);

"(2) compromise, adjustment, or reduction of claims shall be based on a reasonable determination by

the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

"(3) releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

"(A) borrowers who have transferred the security property to other approved applicants under agreements assuming the outstanding secured indebtedness; and

"(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"(4) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than

recommended by the appropriate county committee established pursuant to section 42 of this Act; and

"(5) any claim which has been due and payable for five years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt payment ability, or is deceased and has left no estate, or has been absent from his last known address for a period of at least five years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided, however,* That claims involving a principal balance of $150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical."

(b) The first sentence of section 42 (a) is amended by inserting after the word "county" where it first appears, the words "or area within a county" and after the word "county" where it later appears in said sentence, the words "or area".

(c) Section 43 (d) is amended by striking the words "as family-size farms".

(d) Section 51 is amended to read as follows:

"SEC. 51. The Secretary is authorized and empowered

to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by or acquired by the Secretary under any programs administered by the Farmers' Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act. Any advances or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortgage insurance fund."

SEC. 4. Section 1 of the Act of August 31, 1954, as amended (68 Stat. 999; 69 Stat. 223), is further amended by striking the figures "1957" and inserting in lieu thereof the figures "1959" and by striking the figures "$15,000,000" and inserting in lieu thereof "$65,000,000".

84TH CONGRESS
2D SESSION

H. R. 11544

A BILL

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

By Mr. COOLEY

MAY 31, 1956

Referred to the Committee on Agriculture

84TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 2260

FARM LOAN PROGRAMS

JUNE 4, 1956.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

REPORT

[To accompany H. R. 11544]

The Committee on Agriculture, to whom was referred the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

The amendment is as follows:

Page 3, lines 22 and 23, strike out "the prior lien, if any, and" and insert "any".

Page 5, line 21, strike out "who" and insert "which".

Page 6, line 6, strike out "$8,000" and insert "$9,000".

STATEMENT

The bill reported herewith is a committee bill drafted by the Subcommittee on Conservation and Credit (Mr. Poage, chairman) after hearings on and extended consideration of more than twoscore bills. It contains most of the provisions of a bill (H. R. 9843) by Mr. Hill on which a favorable report has been received from the Department of Agriculture.

As reported by the committee, the bill will provide additional funds for emergency loan programs, authorize loans specifically for the refinancing of existing farm debts, provide assistance to part-time farmers, permit extension of loans when natural disasters result in crop losses, and provide other measures complementing the special programs for low-income farmers and the Great Plains program.

Following are the major provisions of the bill. A more detailed discussion of each will be found in the analysis section of this report.

71006—56——1

Major Provisions

(1) Authorizes the refinancing of existing indebtedness of eligible farmers on farms of not more than family size if the borrowers are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. The bill authorizes FHA to accept a second mortgage for direct loans for this purpose, but not for insured loans.

(2) Authorizes FHA to make loans, for the first time, to part-time farmers. Loans authorized include those for real-estate improvement and development and loans for operating expenses. To be eligible a borrower would have to be a bona fide farmer who has depended on agriculture for his livelihood for at least 1 year out of the most recent 10 and who is conducting a substantial farming operation at the time the loan is made. Such loans may also be made for refinancing but not for the acquisition of such a farm unit.

(3) The bill extends from June 30, 1957, to June 30, 1959, the authority to make economic-emergency loans under Public Law 727, 83d Congress, and increases from 15 to 65 million dollars the amount of money from the loan revolving fund which may be used for such loans..

(4) Increases from $7,000 to $9,000 the maximum amount of an initial loan for operating purposes and from $10,000 to $15,000 the total indebtedness for such loans a borrower may have outstanding at any one time.

(5) Authorizes the Secretary to extend the repayment period of regular operative loans to farmers in disaster areas by the number of years the area has been classified as a disaster area.

Loans to Orchardists

Some of the bills considered by the committee proposed special provisions for disaster loans to orchardists, including deferment of repayments until new trees come into production. Public Law 38 of the 81st Congress now authorizes the Secretary to make such loans in disaster areas, such as the area in Oregon and Washington where many orchard trees were killed by last year's early heavy freeze, and the committee anticipates the Secretary will exercise this authority. It also authorizes the Secretary to set the terms and conditions for the repayment of such loans. The committee believes that the terms of loans of this character should be such as would afford real assistance to producers who suffer various kinds of production losses. Consequently, if the purpose of the loan is to reestablish an orchard destroyed by the disaster and repayment is to be expected solely from the production of the orchard, the first repayment installment should be deferred until income is expected from the reestablished orchard. The problem of liquidity of the revolving fund, which may be affected by such deferments, is one to be met when there is need for additional money in the revolving fund, and is not a problem which should be solved by amending the existing broad authority of the Secretary.

Analysis of the Bill

SECTION 1—REAL-ESTATE LOANS

Section 1 (a) of existing law limits loans for the repair and improvement of farms needed to meet changing farm-operating conditions to borrowers already indebted under title I. Section 1 (a) of the bill broadens this provision to permit loans for this purpose to the owners of all eligible farms.

Section 1 (b) changes the language of section 1 (b) of the act to accommodate the new authority to make refinancing loans to the owners of farms not larger than efficient family-type farms. The eligibility of an applicant heretofore has been based in part on his receipt of the major portion of his income from farming operations. With the enactment of authority for loans to part-time farmers, this limitation is changed to the requirement that the applicant receive only a substantial portion of his income from farming.

Section 1 (c) adds new authority to make or insure loans to bona fide farmers who are the owners and operators of smaller than family-size units, for the purpose of repairing or improving such units or refinancing indebtedness incurred for agricultural purposes. This new authority will not preclude loans to beginning farmers who have depended for their livelihood on the income produced on the farm of the applicant's family, nor to applicants who have been forced to provide their livelihood from nonfarm sources during recent years, because of adverse agricultural conditions. The authority is limited, however, to loans to those persons who the county committee believes are bona fide farmers and who will conduct substantial farming operations on smaller units. Loans will not be made to persons without agricultural background or on a rural residence without significant agricultural production, nor may such loans be made for the acquisition of a part-time farm.

Section 1 (d) permits the use of normal market value as the basis for loans on units of less than family size, instead of valuation on the basis of earning capacity. Normal market value encompasses value attributed to location of the farm as well as its productivity. Location near source of employment would be an important factor in the security of loans to part-time farmers depending substantially on outside income for their repayment ability.

Section 1 (e) would increase the annual authorization for insured loans from 100 to 125 million dollars.

Section 1 (f) contains a technical change in the limitation on the amount of insured loans, which is required by the use of normal market valuation on smaller units.

Section 1 (g) would authorize the use of one-half of the mortgage-insurance charge for any administrative expenses of the Farmers' Home Administration, as is now authorized by annual appropriation acts. It would remove the restriction in the basic act limiting the use of such collections to expenses in connection with the insured-mortgage program.

Section 1 (h) contains authority for the making and insuring of loans solely for the purpose of refinancing outstanding indebtedness of the owners of farms not larger than family size, who cannot meet their present debt terms, and who are unable to refinance outstanding debts with other responsible sources on rates and terms which

they could reasonably be expected to fulfill. Unless the applicant's total outstanding indebtedness does not exceed, or can be adjusted to be within, the value of the applicant's real estate and livestock and farm equipment, assistance would not be extended under this section. Direct loans for this purpose could be secured by a second mortgage. However, any loans insured for refinancing will be limited to 90 percent of the value of the farm and a first mortgage or deed of trust will be taken in connection with such loans. The aggregate of refinancing loans authorized to be insured in any 1 year will be $50 million out of the $125 million ceiling proposed in section 1 (e).

SECTION 2—OPERATING LOANS

Section 2 changes the name of title II loans to "Operating" loans instead of "Production and subsistence" loans. It also amends section 21 in the following manner:

Operating loans will be authorized to bona fide farmers who will conduct substantial operations on less than family-type units as well as on family-type units. Eligibility of the operators of smaller units will be the same as the eligibility for real-estate-improvement loans under section 1 (c) on part-time farms.

The bill increases the maximum amount of the initial operating loan from the present $7,000 to $9,000 and increases the amount for which a borrower may be indebted at any one time under this section from the present $10,000 to $15,000.

Section 21 (c) repeats existing law except to refer to the new portion of subsection (d) which authorizes the Secretary to extend or renew regular operating loans in any area designated as disaster or emergency areas under Public Law 875, 81st Congress; Public Law 38, 81st Congress, or under Public Law 727, 83d Congress. Renewals could be made for the number of years during which the areas were so designated. During such additional period, additional regular and operating loans will be authorized. Only those persons who are unable to repay their indebtedness within the maximum of 7 years because of natural causes beyond their control may have their loans extended or renewed.

SECTION 3—GENERAL PROVISIONS

Section 3 of the bill extends the compromise and adjustment authority, now limited to claims arising under the Farmers' Home Administration Act, to all claims administered by the Farmers' Home Administration, including those under the Water Facilities Act, the emergency loan authorities and other special legislation. In line with the increase of the total indebtedness for operating loans to $15,000, the Secretary's authority to compromise claims of less than $10,000 has been increased to claims of less than $15,000.

Section 3 (a) also amends section 41 (g) of the act to authorize releases to borrowers who transfer their livestock, equipment, and other property mortgaged to secure loans administered by the Farmers' Home Administration to other borrowers assuming the outstanding indebtedness. The present law provides this authority only with respect to the transfer of real estate securing title I loans. The Secretary will also be given additional authority to charge off or release claims which have been due for more than 5 years, if the debtor has no assets, is deceased and has left no estate, or has disappeared.

Claims of $150 or less could be charged off or canceled if further collection efforts are likely to prove ineffectual or uneconomical.

Section 3 (b) authorizes appointment of additional committees for areas within counties, as a means of more economical and effective administration.

Section 3 (c) would authorize the Secretary to sell farm units of smaller than family size acquired in liquidation of loans on long-term credit, rather than as surplus on short-term credit. Present authority authorizes long-term credit sales of family-type units only.

Section 3 (d) adds additional loan-servicing authority to cover sales of water conservation and utilization project farms and extends the authority to make advances to protect security to loans insured by the Secretary before such loans have been assigned to the Government under the insurance agreements. It also adds authority for the Secretary to sell or grant rights-of-way or easements on acquired property prior to resale of such property.

SECTION 4—ECONOMIC EMERGENCY LOANS

Section 4 extends the economic emergency authority of Public Law 727, 83d Congress, for 2 additional years and increases the aggregate amount of loans thereunder to be made out of the revolving fund made available by Public Law 38, 81st Congress, from 15 to 65 million dollars.

Departmental Approval

Following is an executive communication from the Acting Secretary of Agriculture recommending approval of the legislation contained in section 4 of the bill reported herewith:

Department of Agriculture,
Office of the Secretary,
Washington, D. C., March 29, 1956.

The Speaker, House of Representatives.

Dear Mr. Speaker: There is attached a copy of a proposed bill which would amend Public Law 727, 83d Congress, as amended by Public Law 117, 84th Congress, to extend the lending authority authorized thereby and to revise the monetary ceiling placed thereon.

The Department recommends the enactment of this proposed legislation.

The present lending authority authorizes the making of emergency loans from the revolving fund to eligible farmers and stockmen in those areas designated by the Secretary of Agriculture upon his determination that there is a need for agricultural credit, except for the refinancing of existing indebtedness, which cannot be met for a temporary period by commercial banks, cooperative lending agencies, the Farmers' Home Administration under its regular lending programs, or with other types of loans made by the Farmers' Home Administration pursuant to Public Law 38, and amendments thereto (63 Stat. 43, as amended, 12 U. S. C. 1148 (a), et seq.). The lending authority pursuant to Public Law 727, as amended, will expire on June 30, 1957. Based on the anticipated volume of loans during the current year, the present $15 million limit will not provide adequate funds for such loans during the 1957 crop year. The proposed bill would extend to June 30, 1959, the period during which such loans may be made.

Emergency loans are made available under Public Law 38 only in (1) areas which have suffered serious production disasters, and (2) areas within major disaster areas designated by the President pursuant to Public Law 875 (42 U. S. C. 1851 et seq., as amended), having a serious economic emergency. Without the authority contained in Public Law 727, as amended, emergency loans could not be made in areas experiencing serious emergencies because of economic conditions or other reasons, but which have not had production losses or have not been designated as major disaster areas pursuant to Public Law 875. Although the emergency credit needs of farmers and stockmen in many areas are being met through loans made pursuant to Public Law 38, there are many other areas in need of emergency credit from time to time because of economic conditions which cannot qualify, as described above, for loans under Public Law 38. At present, emergency loans pursuant to Public Law 727 are available in designated areas in 18 States. We do not know what the situations will be in these and other areas in the future but we think there is a need for a standby authority to make emergency loans available through June 30, 1959.

Public Law 727, as originally enacted for a period of only 1 year, contained a restriction of $15 million on the amount which could be loaned under this authority. It was contemplated at the time that this amount would be adequate for the 1-year period. However, with the later extension of the lending authority to June 30, 1957, and with our recommended further extension to June 30, 1959, $50 million of the disaster loan revolving fund should be made available for future loans under this act. The Bureau of the Budget advises that there is no objection to the submission of this proposed legislation to the Congress for its consideration.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

BANKHEAD-JONES FARM TENANT ACT, AS AMENDED

TITLE I—TENANT PURCHASE LOANS AND MORTGAGE INSURANCE

POWER OF SECRETARY

SECTION 1. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized to make loans and to insure mortgages in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico to persons eligible to receive the benefits of this title to enable such persons to acquire, repair or improve family-size farms, or to refinance indebtedness against undersized or underimproved units when loans are being made or insured by the Secretary to enlarge or improve such units. Loans may also be made [to assist borrowers under this title in making the] *or insured for*

improvements needed to adjust [their] farming operations to changing conditions.

(b) (1) Except with respect to veterans qualified under subsection (b) (2) of this section, only *farm owners*, farm tenants, farm laborers, sharecroppers, and other individuals [(including owners of inadequate or underimproved farm units)] who obtain, or who recently obtained, [the major portion] *a substantial portion* of their income from farming operations, shall be eligible to receive the benefits of this title. In making available the benefits of this title, the Secretary shall give preference to persons who are married, or who have dependent families, and, wherever practicable, to persons who are able to make an initial downpayment, or who are owners of livestock and farm implements necessary successfully to carry on farming operations. No person shall be eligible who is not a citizen of the United States.

(2) Any veteran (defined herein as a person who served in the military forces of the United States during any war between the United States and any other nation or during the period beginning June 27, 1950, and ending on such date as shall be determined by Presidential proclamation or concurrent resolution of Congress and who was discharged or released therefrom under conditions other than dishonorable) who intends to engage in farming as a principal occupation, and who meets the requirements of rules and regulations prescribed by the Secretary as to industry, experience, character, and other assurances of success as a farmer, shall be eligible for the benefits of this title and his application shall be entitled to preference over the applications of nonveterans.

(c) [No loan shall be made, or mortgage insured, for the acquisition, improvement, or enlargement of any farm unless it is of such size and type as the Secretary determines to be sufficient to constitute an efficient family-type farm-management unit and to enable a diligent farm family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: Provided, That loans may be made to veterans, or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, to enable such veterans to acquire, enlarge, repair or improve farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts due on their loans.] *No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: Provided, however, That—*

(1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

(2) loans may be made or mortgages insured to owner-operators who are bona fide farmers who have during one or more of the last ten years depended on farm income for their livelihood, and who

are conducting substantial farming operations on units which are less than family-type units, to repair or improve such farm units, and to refinance indebtedness of the owner incurred for agricultural purposes, if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loan.

FUNCTIONS OF COUNTY COMMITTEES

SEC. 2. (a) The county committees established under section 42 shall—

(1) examine applications (filed with the chairman of the county committee, or with such other person as the Secretary may designate) of persons desiring to obtain the assistance of the Secretary in financing the acquisition of farms or farming operations in the county as provided in this Act; and

(2) examine and appraise farms in the county with respect to which applications are made.

(b) If the committee finds that an applicant is eligible to receive the benefits of this Act, that, in the opinion of the committee, by reason of his character, ability, industry, and experience, he will successfully carry out undertakings required of him under a loan which may be made or insured under this Act, that credit sufficient in amount to finance the actual needs of the applicant, specified in the application, is not available to him at the rates (but not exceeding the rate of 5 per centum per annum) and terms prevailing in the community in or near which the applicant resides for loans of similar size and character from commercial banks, cooperative lending agencies, or from any other responsible source; and that the farm with respect to which the application is made is of such character that there is a reasonable likelihood that the making or insuring of the loan with respect thereto will carry out the purposes of this title, it shall so certify to the Secretary. The committee shall also certify to the Secretary the amount which the committee finds is the fair and reasonable value of the farm based upon its normal earning capacity. The farm shall be appraised by competent employees of the Secretary thoroughly trained in appraisal techniques and the appraisal shall be made available to the county committee and the Secretary for their guidance in determining the value of farm as specified above [.], *except that, for loans under either part of the priviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm.*

(c) No member of the committee shall participate in any certification under his section with respect to any application or farm in which such member, or any person related to such member within the third degree of consanguinity or affinity has any pecuniary interest, direct or indirect, or in which any of them had such interest within one year prior to the date of certification.

(d) No loan shall be made for any purpose under this Act and no mortgage shall be insured under this Act, unless certification by the committee, as required under this section, has been made with respect to the applicant applying for the loan and with respect to the farm which is to be taken as security either for an insured or an uninsured mortgage.

TERMS OF LOANS

SEC. 3. (a) Loans made under this title shall be in such amount (not in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness) as may be necessary to enable the borrower to acquire the farm and for necessary repairs and improvements thereon, and shall be secured by a first or second mortgage or deed of trust on the farm. Loans may not be made for the acquisition or enlargement of farms which have a value, as acquired, enlarged, or improved, in excess of the average value of efficient family-type farm-management units, as determined by the Secretary, in the county, parish, or locality where the farm is located.

(b) The instruments under which the loan is made and security given therefor shall—

(1) provide for the repayment of the loan within an agreed period of not more than forty years from the making of the loan;

(2) provide for the payment of interest on the unpaid balance of the loan at a rate of interest not in excess of 5 percentum per annum as determined by the Secretary;

(3) provide for the repayment of the unpaid balance of the loan, together with interest thereon, in installments in accordance with amortization schedules prescribed by the Secretary;

(4) be in such form and contain such covenants as the Secretary shall prescribe to secure the payment of the unpaid balance of the loan together with interest thereon, to protect the security, and to assure that the farm will be maintained in repair, and waste and exhaustion of the farm prevented, and that such proper farming conservation practices as the Secretary shall prescribe will be carried out;

(5) provide that the borrower shall pay taxes and assessments on the farm to the proper taxing authorities, and insure and pay for insurance on farm buildings;

(6) provide that upon the borrower's assigning, selling, or otherwise transferring the farm, or any interest therein, without the consent of the Secretary, or upon default in the performance of, or upon any failure to comply with, any covenant or condition contained in such instruments, or upon involuntary transfer or sale, the Secretary may declare the amount unpaid immediately due and payable, and that, without the consent of the Secretary, no final payment shall be accepted, or release of the Secretary's interest be made, less than five years after the making of the loan; and

(7) contain the provisions for refinancing specified in section 44 (c).

(c) Except as provided in paragraph (6) of subsection (b), no instrument provided for in this section shall prohibit the prepayment of any sum due under it.

(d) No provision of section 75, as amended, of the Act entitled "An Act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898 (U. S. C. 1940 ed., title II, sec. 203), otherwise applicable in respect to any indebtedness incurred under this title by any beneficiary thereof, shall be applicable in respect of such indebtedness until such beneficiary has repaid at least 15 per centum thereof.

EQUITABLE DISTRIBUTION OF LOANS AND MORTGAGE INSURANCE

SEC. 4. In making loans under this title, the amount which is devoted to such purposes during any fiscal year shall be distributed equitably among the several States and Territories on the basis of farm population and the prevalence of tenancy, as determined by the Secretary: *Provided,* That there may be distributed to each State such amounts as are necessary to finance loans pursant to all bona fide applications from veterans qualified under section 1 hereof: *Provided further,* That there may be disbursed in any fiscal year to each State or Territory such amount not in excess of $100,000 as is determined by the Secretary to be necessary to finance loans in such State or Territory under this title.

APPROPRIATION

SEC. 5. To carry out the provisions of this title with respect to tenant-purchase loans, there is authorized to be appropriated not to exceed $50,000,000 for each fiscal year beginning with the fiscal year ending June 30, 1947, and such further sums as may be necessary in carrying out the provisions of this title during such fiscal year, with respect to tenant purchase loans and insured mortgages.

FARM TENANT MORTGAGE INSURANCE FUND

SEC. 11. (a) There is hereby created a fund, to be known as the "farm tenant-mortgage insurance fund" (hereinafter in this title referred to as the "fund"), which shall be used by the Secretary as a revolving fund for carrying out the provisions of this title with respect to mortgages insured under section 12 and to mortgages accepted for the account of the fund under section 13. There is authorized to be appropriated to the Secretary the sum of $25,000,000 to constitute such fund.

(b) Moneys in the fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund or invested in direct obligations of the United States or obligations guaranteed as to principal and interest by the United States. The Secretary may purchase, with money in the fund, any notes issued by the Secretary to the Secretary of the Treasury to obtain money for the fund.

(c) All amounts deposited in or credited to the fund and the proceeds of investments of amounts in the fund shall be used only for purposes to which the fund is specifically authorized to be devoted under this title and shall not be diverted to any other use.

INSURANCE OF MORTGAGES

SEC. 12. (a) The Secretary is authorized, upon application of a prospective mortgagor or mortgagee under a first mortgage eligible for insurance under this title, to insure such mortgage and to make commitments for the insurance of any such mortgage prior to the date of its execution.

(b) The aggregate amount of principal obligations on all mortgages insured under this title, on all mortgages with respect to which commitments to insure have been made, and on all mortgages accepted

for the account of the fund and not disposed of under section 14 shall not exceed [$100,000,000] *$125,000,000* in any one fiscal year. With respect to any fiscal year, one-quarter of the amount available for insurance, commitments and acceptance of mortgages under this title shall be distributed among the several States and Territories on the basis of bona fide applications and the availability of farms with respect to which loans may be insured and the balance shall be distributed on the basis provided in section 4, and preferences shall be given to mortgages executed by veterans qualified under section 1.

(c) In order for a mortgage to be eligible under this title—

(1) the person obligated to pay thereunder shall be a person who would be eligible under section 1 for a loan under title I;

(2) the farm mortgaged shall be one with respect to which under section 1 (c), a loan could be made under title I;

(3) there shall be an appropriate certification by the county committee as required by section 2 of this Act;

(4) the mortgage instruments shall comply with section 3 (b), except that the base rate of interest shall not be in excess of 4 percentum per annum as determined by the Secretary;

[(5) the principal obligation (and fees and other charges chargeable under subsection (d) of this section) shall not exceed 90 per centum of the reasonable value of the farm and necessary repairs and improvements thereon, as such values are certified by the county committee pursuant to section 2 (b);]

(5) The principal obligation (plus the amount of any fees and charges chargeable under subsection (d) of this section) shall not exceed 90 per centum of the value of the farm as certified by the county committee pursuant to section 2 (b);

(6) the mortgage instruments shall contain a covenant to pay to the Secretary the initial and annual charges provided for in subsections (d) and (e) of this section, and a covenant to pay to the Secretary, as collection agent for the mortgagee, the amounts payable by the motgagor to the mortgagee under the mortgage; and

(7) the mortgage instruments shall contain a stipulation (not binding upon the Secretary) that the holder of the mortgage will accept the benefits provided by section 13 in lieu of any right of foreclosure which he may have against the property and any right to a deficiency judgment against the mortgagor on account of the mortgage.

(d) The Secretary shall require the payment by the mortgagor or mortgagee of such initial fees for inspection, appraisal, and other charges as it finds necessary and such amounts may be included in the principal obligation of the mortgage, and the payment of such delinquency charges and default reserves as it finds necessary. The proceeds of such fees shall be deposited in the Treasury for use for administrative expense as provided in subparagraph (e) (2) hereof.

(e) (1) The Secretary shall collect from the mortgagor for mortgage insurance an annual charge at the rate of 1 per centum of the outstanding principal obligation of the mortgage; the initial charge shall be collected simultaneously with the insurance of the mortgage and shall cover the period from the date of loan closing to the date of the first installment payable on the loan; the next and each succeeding charge shall be computed on the outstanding principal obligation

remaining unpaid after the due date of each installment payable on the loan, and shall be payable on or before the next succeeding due date of an installment of principal and interest. If the principal obligation of the mortgage is paid in full in less than five years after the time when the mortgage was entered into, the Secretary may require payment by the mortgagor of the entire annual charge computed for the year then current, and an additional charge equal to the annual charge for such year. The Secretary may modify existing contracts so as to require future payments thereunder in accordance with the provisions of this section.

(2) One-half of the amount paid as charges in pursuance of this subsection shall be the premium for insurance and shall be deposited in the fund and may be used only for purposes to which the fund may be devoted. The other half of the amounts so paid shall be deposited in the Treasury to the credit of the Secretary and shall be available only for administrative expenses [to carry out the provisions of this title, relating to mortgage insurance.] *of the Farmers' Home Administration and may be transferred annually to that administrative expense account and become merged therewith.*

(f) (1) The Secretary shall remit to the mortgagee under any mortgage insured under this title any sums collected by him as agent for the mortgagee. The Secretary shall advise any such mortgagee of any default in the payment of principal or interest by the mortgagor.

(2) If the mortgagor has failed to pay to the Secretary the full amount of any installment on or before the due date thereof, the Secretary shall pay the unpaid amount of such installment of principal and interest to the mortgagee, less the amount of any previous prepayments except payments from proceeds from the voluntary or involuntary sale of any part of the mortgaged property or from royalties from leases under which the value of the security is depreciated.

(3) If the mortgagor fails to pay any amounts due for taxes, special assessments, water rates, and other amounts which may become liens prior to the mortgage, and any amounts due for property insurance premiums, such amounts may be paid by the Secretary, either before or after assignment of the insured mortgage to the Secretary, for the account of the mortgagor as provided in paragraph (4) below.

(4) Payments by the Secretary under paragraphs (2) and (3) shall be advanced out of the fund for the account of the mortgagor. Such advances shall be repaid to the fund out of the first available collections received from the mortgagor. Such advances shall bear interest at the rate fixed in the insured mortgage payable out of any subsequent collections, and, until repaid, the advance and interest thereon shall be added to subsequent installments.

(g) Any contract of insurance executed by the Secretary under this section shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of any holder thereof from the date of the execution of such contract, except for fraud or misrepresentation of which such holder as actual knowledge.

(h) The Secretary may, at any time, for good cause shown and under such terms and conditions as he may prescribe, consent to the release

of the mortgagor from his liability under the mortgage or the credit instruments secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(i) The holder of any mortgage insured under this title may, upon notice to the Secretary, assign such mortgage together with the accompanying note and contract of insurance and the assignee thereof shall thereupon become entitled to all the benefits of such contract of insurance: *Provided*, That no such assignment shall be binding upon the Secretary until notice thereof has been given the Secretary and the Secretary has acknowledged receipt of such notice.

(j) The Secretary is authorized to enter into agreements from time to time with the holder of a mortgage heretofore or hereafter insured under this title that any holder thereof, at the holder's option, shall be entitled, upon assignment of such mortgage to the Secretary within one year after the expiration of a period fixed by such agreement, to have the mortgage purchased by the Secretary even though the mortgage is not then in default, provided the initial fixed period shall be not less than five years from the date of the insured mortgage. Such assignment shall be accomplished in the same manner and the value of such mortgage shall be determined on the same basis as provided by section 13 for mortgages in default. The Secretary may purchase any such mortgage with moneys in the fund and may sell it at its value likewise determined in accordance with section 13 at the time he sells it, and reinsure it, if necessary, or he may retain it for the account of the fund until the indebtedness is discharged through refinancing by the mortgagor, by foreclosure, or otherwise. The value of all such mortgages retained for the fund as herein provided shall not be included in computing the aggregate amount of mortgage obligations that may be insured in any one fiscal year, as provided in section 12 (b). If there should not be sufficient cash in the fund to enable the Secretary to make payments to purchase mortgages as provided in this subsection, in order to obtain funds to make such payments notes may be issued and purchased in the same manner as provided in section 13.

PAYMENT OF INSURANCE

SEC. 13. (a) In any case in which the mortgagor under a mortgage insured under this title is in default in the payment of principal or interest for more than twelve months, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon assignment to the Secretary of (1) all the mortgagee's rights and interests arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction; (3) all policies of title or other insurance and all surety bonds and other guaranties and any and all claims thereunder relating to the mortgage or the mortgaged property; (4) any balance of the mortgage loan not advanced to the mortgagor; and (5) any cash or property held by the mortgagee, or to which he is entitled, as deposit made for the account of the mortgagor and which has not been applied in reduction of the principal of the mortgage indebtedness; and upon transfer to the Secretary of such originals or copies of records, documents, books, papers and accounts relating to the mortgage transaction, as the Secretary prescribes. Upon such assignment and trans-

fer, the Secretary shall pay to the mortgagee, in cash, an amount equal to the value of the mortgage and the note and mortgage shall thereupon become a part of the fund. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Secretary, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount of all unpaid interest and the amount of all payments which have been made by the mortgagee for taxes, special assessments, water rates, and other payments in discharge of liens which are prior to the mortgage, and insurance on the property mortgaged, and by deducting from such total amount any amount received on account of the mortgage indebtedness after such default.

(b) If there should not be sufficient cash in the fund to enable the Secretary to make payments to mortgagees as provided in subsection (a) of this section, the Secretary may make and issue notes to the Secretary of the Treasury to obtain funds to make such payments. Such notes shall be signed by the Secretary or by his duly authorized representatives and shall be negotiable. Such notes shall bear interest, payable semiannually, at a rate equal to the average rate of interest, computed to the end of the calendar month next preceding the date of issue, borne by all interest-bearing obligations of the United States then forming a part of the public debt, and shall have such maturities as the Secretary may determine with the approval of the Secretary of the Treasury.

(c) The Secretary of the Treasury is authorized to purchase any notes issued by the Secretary pursuant to this section and any renewals thereof and for such purchases may use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act, as amended, are hereby extended to include any such purchases. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

(d) In any case in which the mortgagor violates any covenant or condition of his mortgage, the Secretary may require the mortgagee to assign such mortgage, together with the incidents thereto, upon payment of the value of the mortgage determined in accordance with this section.

PROCEDURE WITH RESPECT TO MORTGAGES IN DEFAULT

SEC. 14. (a) Upon accepting the assignment of any insured mortgage, the Secretary shall ascertain whether or not the mortgagor (which term as used in this section shall include the mortgagor or his heirs or assigns) desires to remain in possession of the mortgaged property. If the mortgagor does not desire to remain in possession of the mortgaged property or if the Secretary is unable to make the findings prescribed by the next sentence, the Secretary may proceed to foreclose the mortgage. If the mortgagor desires to remain in possession of the mortgaged property and if the Secretary finds that the mortgagor (1) has made reasonable efforts to meet all defaulted payments and to comply with the other covenants and conditions of his mortgage and (2) will probably be able to meet such defaulted pay-

ments within five years after the maturity date or dates of the defaulted payments, the Secretary may enter into an agreement with the mortgagor providing for the payment of such defaulted payments together with interest thereon, at such times not later than five years after the maturity date or dates as the Secretary may deem to be within the probable future means of the mortgagor. Should any mortgagor with whom the Secretary has entered into such agreement thereafter fail to meet any payments, the Secretary may proceed to foreclose the mortgage. Expenses and fees incident to foreclosure may be advanced out of the fund for the account of the mortgagor.

(b) Amounts realized under section 51 on account of property which was subject to an insured mortgage shall be deposited in the fund. Amounts payable by the Secretary under section 50 with respect to such property, and any necessary costs and expenditures for the operation, preservation, and protection of such property, shall be paid out of the fund.

SEC. 15. (a) The first paragraph of section 24, chapter 6, of the Federal Reserve Act, as amended (U. S. C., 1940 ed., title 12, sec. 371) (relating to loans on farm lands by member banks), is hereby amended by inserting after the words "National Housing Act", the following: "or which are insured by the Secretary of Agriculture pursuant to title I of the Bankhead-Jones Farm Tenant Act."

(b) Section 35 of chapter III of the Act entitled "An Act to regulate the business of life insurance in the District of Columbia", approved June 19, 1934 (D. C. Code, 1940 edition, title 35, sec. 535), is amended by inserting in paragraph (3a) after the words "Federal Housing Administrator" the following: "or by the Secretary of Agriculture pursuant to title I of the Bankhead-Jones Farm Tenant Act."

SEC. 16. (a) The Secretary is authorized to insure and to make commitments for the insurance of loans made for the purposes specified in this title (including those made in accordance with the Act of October 19, 1949) and to take as security for the obligations entered into in connection with such loans first mortgages on the farms with respect to which such loans are made and such other security as may be required by the Secretary. Such mortgages shall create a lien running to the United States for the benefit of the fund, notwithstanding the fact that the note may be held by the lender or his assignee.

(b) Loans insured under this section shall be subject to all the provisions of this title, except as otherwise provided in this section, and with respect to such loans, the terms used in this Act shall have the following meanings as the context requires:

(1) "Mortgage" shall mean "loan" or "the instruments relating to a loan";

(2) "Insured mortgage" shall mean "note endorsed for insurance";

(3) "Mortgagor" shall mean "borrower" or "obligor on the note";

(4) "Mortgagee" shall mean "lender" or "holder of insured note."

(c) Any mortgage insured or any loan made under this Act may be converted to an insured loan under this section at the discretion of the Secretary, and any expenses in connection with such conversion may be paid out of appropriations for administrative expenses.

(d) In connection with loans insured or converted under this section (1) the holder of the insured note shall be entitled to receive the benefits of the insurance as provided in section 13 (a) only in accordance with an agreement pursuant to section 12 (j) or when the assignment of the note is required by the Secretary, and (2) notice of default to the lender under section 12 (f) shall not be required.

SEC. 17. *Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. No such loans ahall be made to an applicant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate, less any prior lien indebtedness not to be refinanced, and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebtedness shall be adjusted so as to be within such values. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000.*

TITLE II—[PRODUCTION & SUBSISTENCE LOANS] *OPERATING LOANS*

SEC. 21. (a) The Secretary may make loans to farmers and stockmen who *are the operators of family-type farms and who* are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence[.]*: Provided, however, That loans may be made to operators who are bona fide farmers who have during one or more of the last 10 years depended upon farm income for their livelihood and who are conducting substantial farming operations on units which are less than family-type units, if the units are of sufficient size to produce income which, together with income from other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.*

(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No initial loan to any one borrower under this section shall exceed [$7,000] *$9,000* and no further loan may be made under this section to a borrower so long as the total amount outstanding *under this section,* including accrued interest, taxes, and other obligations properly chargeable to the account of the borrower exceeds [$10,000] *$15,000.*

(c) The terms of loans under this section, including any renewal or extension of any such loan *except as provided in subsection (d) hereof,* shall not exceed seven years from the date the original loan was made.

(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: [until he has paid such indebtedness in full, except that the indebtedness on loans made prior to November 1, 1946, which are being serviced and collected by the Farmer's Home Administration,

shall not be subject to the limitations of this section until November 1, 1953.] *Provided, however, That in justifiable cases, in areas designated under Public Law 875, Eighty-first Congress, as amended (42 U. S. C. 1855), for agricultural assistance or where the Secretary has made loans under Public Law 38, Eighty-first Congress, as amended (12 U. S. C. 1148a), or under Public Law 727, Eighty-third Congress, as amended (12 U. S. C. 1141a–1), where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within seven years is due to natural causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed a number of additional years equal to the number of years the area has been designated for such emergency assistance or loans. The Secretary may make additional loans to such persons, if necessary, during the same number of additional years.*

DEBT ADJUSTMENT

SEC. 22. The Secretary may assist in the voluntary adjustment of indebtedness between farm debtors and their creditors and may cooperate with State, Territorial, and local agencies and committees engaged in such debt adjustment. Services furnished by the Secretary under this section may be without charge to the debtor or creditor.

APPROPRIATION

SEC. 23. There is authorized to be appropriated to the Secretary such sums as the Congress may from time to time determine to be necessary to enable the Secretary to carry out the purposes of this title.

TITLE IV—GENERAL PROVISIONS

FARMERS' HOME CORPORATION

SEC. 40. (a) There is hereby created as an agency, of and within the Department of Agriculture, a body corporate with the name "Farmers' Home Corporation" (in this Act called the Corporation). The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices elsewhere in the United States under rules and regulations prescribed by the Board of Directors.

(b) The Secretary shall have power to delegate to the Corporation such powers and duties conferred upon him under title I or title II, or both, and such powers under title IV as relate to the exercise of the powers and duties so delegated, as he deems may be necessary to the efficient carrying out of the purposes of such titles and may be executed by the Corporation, and to transfer to the Corporation such funds available for such purposes as he deems necessary. In connection with and in the exercise of such powers and duties so delegated, all provisions of this Act relating to the powers and duties of, and limitations upon, the Secretary shall apply to the Corporation in the same manner as to the Secretary, and the term "Secretary" shall be construed to include "Corporation".

(c) The Corporation shall have a nominal capital stock in an amount determined and subscribed for by the Secretary. Receipts for payments for or on account of such stock shall be issued by the Corporation to the Secretary and shall be evidence of the stock ownership of the United States.

(d) The management of the Corporation shall be vested in a board of directors (in this Act called the Board) subject to the general supervision of the Secretary. The Board shall consist of three persons employed in the Department of Agriculture who shall be designated by the Secretary. Vacancies in the Board, so long as there are two members in office, shall not impair the powers of the Board to execute its fuctions and two of the members in office shall constitute a quorum for the transaction of business. The directors, appointed as hereinbefore provided, shall receive no additional compensation for their services as such directors but may be allowed travel and subsistence expenses when engaged in business of the Corporation outside of the District of Columbia.

(e) The Board may select, subject to the approval of the Secretary, an administrator, who shall be the executive officer of the Corporation, with such power and authority as may be conferred upon him by the Board.

(f) The Corporation—

(1) Shall have succession in its corporate name;

(2) May adopt, alter, and use a corporate seal, which shall be judicially noticed;

(3) May sue and be sued in its corporate name in any court of competent jurisdiction, State or Federal: *Provided*, That the prosecution and defense of all litigation to which the Corporation may be a party shall be conducted under the supervision of the Attorney General, and the Corporation shall be represented by the United States Attorneys for the districts, respectively, in which such litigation may arise, or by such other attorney or attorneys as may, under the law, be designated by the Attorney General: *And provided further*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Corporation or its property;

(4) May adopt, amend, and repeal bylaws, rules, and regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised and enjoyed;

(5) Shall be entitled to the free use of the United States mails in the same manner as other executive agencies of the Government;

(6) Shall have such powers as may be necessary or appropriate for the exercise of the powers vested in the Corporation (including, but subject to the limitations of this Act, the power to make contracts, and to purchase or lease, and to hold or dispose of, such real and personal property as it deems necessary) and all such incidental powers as are customary in corporations generally. The Board shall define the authority and duties of the officers and employees of the Corporation, delegate to them such of the powers vested in the Corporation as it may determine, and require bonds of such of them as it may designate and fix the penalties and pay the premiums of such bonds.

(g) Insofar as applicable, the benefits of the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, shall extend to employees of the Corporation.

(h) All money of the Corporation not otherwise employed may be deposited with the Treasurer of the United States or in any bank

approved by the Secretary of the Treasury, subject to withdrawal by the Corporation at any time, or with the approval of the Secretary of the Treasury may be invested in obligations of the United States. Subject to the approval of the Secretary of the Treasury, the Federal Reserve banks are hereby authorized and directed to act as depositories, custodians, and fiscal agents for the Corporation in the performance of its powers.

(i) The Corporation, including its franchises, its capital, reserves, and surplus and its income and property shall, except as otherwise provided in section 50 (a), be exempt from all taxation now or hereafter imposed by the United States or any State, Territory, District, dependency, or political subdivision.

(j) The Corporation shall at all times maintain complete and accurate books of account and shall file annually with the Secretary a complete report as to the business of the Corporation.

SEC. 41. For the purposes of this Act, the Secretary shall have the power to—

(a) Appoint (without regard to the civil-service laws or the Classification Act of 1949) such experts as may be necessary in carrying out the provisions of this Act: *Provided*, That the Administrator of the Farmers' Home Administration shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive basic compensation at the rate of $14,800 per annum. The salary of none of such experts shall exceed $10,000 per annum. The Secretary shall also have the power to appoint, subject to the provisions of the civil-service laws, such other officers and employees as may be necessary and fix their compensation in accordance with the classification Act of 1949, except that for a period of not to exceed nine months from the effective date of this provision, the Secretary may make appointments and continue employees of the Farm Security Administration and the non-civil-service employees of the Emergency Crop and Feed Loan Division, utilized in the performance of the functions of the Farmers' Home Administration under this Act, without regard to the civil-service laws or regulations.

(b) The Secretary may administer his powers and duties under this Act through such area finance, State, and local offices in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico and the Virgin Islands as he determines to be necessary: *Provided*, That existing regional offices shall be liquidated on or before June 30, 1947. The Secretary may authorize an office to serve the area composed of two or more States (Territories or Puerto Rico and the Virgin Islands) if he determines that the volume of business in the area is not sufficient to justify separate State offices.

(c) Accept and utilize voluntary and uncompensated services, and with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision.

(d) Within the limits of appropriations made therefor, make necessary expenditures for personal services and rent at the seat of government and elsewhere; contract stenographic reporting services; purchase and exchange of supplies and equipment, law books, books of reference, directories, periodicals, newspapers, and press clippings; travel and subsistence expenses, including the expense of attendance at meetings and conferences; purchase, operation, and maintenance,

at the seat of government and elsewhere, of motor-propelled passenger-carrying and other vehicles; printing and binding; and for such other facilities and services as he may from time to time find necessary for the proper administration of this Act.

(e) Make contracts for services and purchase of supplies without regard to the provisions of section 3709 of the Revised Statutes (U. S. C. 1934 ed., title 41, sec. 5) when the aggregate amount involved is less than $300.

(f) Acquire land and interests therein without regard to section 355 of the Revised Statutes, as amended. This subsection shall not apply with respect to the acquisition of land or interests in land under title III.

(g) [Compromise or adjust claims and adjust and modify the terms of mortgages, leases, contracts and agreements entered into or administered pursuant to this Act as circumstances may require, in the following manner:] *Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require: Provided, however, That—*

(1) [Compromise of claims of $10,000] *Compromise, adjustment, or reduction of claims of $15,000* or more must be effected by reference to the Secretary of the Treasury or to the Attorney General, pursuant to the provisions of section 3469 of the Revised Statutes [(U. S. C., 1940 edition, title 31, sec. 194)] (*31 U. S. C. 194*);

[(2) Claims of less than $10,000 may be compromised or may be adjusted or reduced on the basis of a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment; releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of—]

(2) compromise, adjustment, or reduction of claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction,

(3) releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

(A) borrowers who have transferred [their farms] *the security property* to other approved applicants under agreements assuming the outstanding *secured* indebtedness [to the Secretary under this title]; and

(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness [to the Secretary] *against the farm* which is equal to the [earning capacity] value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

[(C) no compromise or adjustment]

(4) *no compromise, adjustment, or reduction of claims* shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this Act;

[(3) Any] (5) *any* claim [of $100 or less,] which has been due and payable for [three] *five* years or more, and where the debtor has no assets from which the claim could be collected *and has no apparent future debt paying ability,* or is deceased and has left no estate, or has been absent from his last known address for a period of at least [two] *five* years, *has no known assets,* and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: Provided, *however,* That claims [of $10] *involving a principal balance of $150* or less may be canceled and released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical[; and].

(h) Collect all claims and obligations arising or administered under this Act, or under any mortgage, lease, contract, or agreement entered into or administered pursuant to this Act and, if in his judgment necessary and advisable, pursue the same to final collection in any court having jurisdiction. All legal work arising out of such claims and obligations, including, but not limited to, the prosecution and defense of all litigation, is authorized to be performed, as determined by the Solicitor of the Department of Agriculture, through the Department of Justice, by attorneys of the Office of the Solicitor of the Department of Agriculture, or by local counsel approved by the Solicitor of the Department of Agriculture, whose fees, upon approval by the Solicitor, shall be paid by the Secretary; and

(i) Make such rules and regulations and such delegations of authority as he deems necessary to carry out this Act.

COUNTY COMMITTEES

SEC. 42. (a) The Secretary is authorized and directed to appoint in each county *or area within a county* in which activities are carried on under this Act a county *or area* committee composed of three individuals residing in the county *or area,* at least two of whom shall be farmers residing on a farm and deriving the principal part of their income from farming. In making the first appointments pursuant to the amendments made by Farmers' Home Administration Act of 1946, the Secretary shall designate one member of each committee to serve for a period of one year, one member to serve for a period of two years, and one member to serve for a period of three years. All subsequent appointments shall be for a three-year period. The Secretary may appoint an alternate for each member of each committee who shall have the same qualifications and be appointed for the same term as such member. The members of each committee shall elect one member to serve as chairman. Members of the committees and their alternates shall be removable for cause by the Secretary.

(b) Each member of the committee shall be allowed compensation at the rate of not to exceed $5 per day while engaged in the per-

formance of duties under this Act. The number of days per month that each member may be paid shall be determined and approved by the Secretary. In addition, they shall be allowed such amounts as the Secretary may prescribe for necessary traveling and subsistence expenses. The compensation and expenses of the committee members and their alternates shall be paid by the Secretary.

(c) The committee shall meet on the call of the committee chairman, or on the call of such other person as the Secretary may designate. Two members of the committee shall constitute a quorum. The Secretary shall prescribe rules governing the procedure of the committees, furnish forms and equipment necessary for the performance of their duties, and authorize and provide for the compensation of such clerical assistants as he deems may be required by any committee.

(d) Committees established under this Act shall, in addition to the duties specifically imposed under this Act, perform such other duties under this Act as the Secretary may require of them, or as may be delegated to them by the Secretary.

RESETTLEMENT PROJECTS

SEC. 43. (a) The Secretary shall do all things necessary to complete the liquidation as expeditiously as possible of all resettlement projects and rural rehabilitation projects for resettlement purposes including, but not limited to, defense relocation corporations, land-leasing and land-purchasing associations, all properties retransferred from the National Housing Agency by section 2 (a) (3) of the Farmers' Home Administration Act of 1946, and all other corporations or associations organized for similar purposes and financed, in whole or in part, with funds made available to the Secretary, the War Food Administrator, the Farm Security Administration, the Resettlement Administration or the Federal Emergency Relief Administration.

(b) Within 6 months after the effective date of the Farmers' Home Administration Act of 1946, the Secretary shall determine which of the lands comprising the projects described in (a) hereof are suitable for use, either with or without subdivision, as farms of sufficient size to constitute efficient farm management units and to enable diligent farm families to carry on farming of a type which the Secretary deems can be carried on successfully in the localities in which the lands are situated. The Secretary shall file with the Congress, promptly after making such determination, a complete report of the determination, with full information as to the location of all lands comprising such projects, and of the facts taken into account by the Secretary in making the determination. All lands which the Secretary determines are suitable for farming and all personal property incident to or comprising such projects and usable in farming operations shall, wherever practicable, be sold by the Secretary as expeditiously as possible to individuals eligible to receive the benefits of title I of this Act and in a manner consistent with the provisions of such title. The Secretary, if appropriations are made therefor by Congress, may make loans to such purchasers to enable them to improve such lands or repair such property, which loans shall be made only after certification of the county committees and otherwise in a manner consistent with the provisions of title I: *Provided*, That all sales of project lands in economic units shall be in accordance with the terms, conditions, and limitations of S. 704, Seventy-ninth Congress, second session.

(c) Public facilities, such as electric light, water and sewage systems, buildings and lands for schools and churches, and land for public roads, streets, and alleys, may be granted or dedicated to public or semipublic institutions or granted to public or private organizations where (1) such facilities or lands cannot be sold at reasonable prices, (2) similar facilities or lands are not available at reasonable rates and terms to the inhabitants of the particular area and (3) the recipients of such facilities will agree to operate and maintain them and shall relieve the Government of all responsibility in connection therewith. In making grants or dedications of such facilities, the Secretary shall give due consideration to all applications for such grants or dedications and shall award the facilities to the organization or institution found by the Secretary to be most capable of maintaining and operating such properties. In all sales, grants, or dedications of such facilities, the Secretary shall take reasonable precautions to provide that they will not be used in competition with companies or organizations in the area furnishing adequate services to the inhabitants upon reasonable rates and terms.

(d) Real and personal property comprising such projects which is not determined by the Secretary to be suitable for sale [as family-size farms] as provided in (b) hereof, or which is not granted or dedicated as provided in (c) hereof, shall, within eighteen months after the effective date of the Farmers' Home Administration Act of 1946, either be transferred by the Secretary to appropriate agencies of the United States for disposition as surplus property of the United States or be sold by the Secretary at public or private sale to any individual or corporation at the best price obtainable, after public notice, for cash or on secured credit, without regard to the laws governing the disposition of surplus real or personal property of the United States: *Provided, however*, That in the case of all sales on credit under this subparagraph (d) the Secretary shall obtain an initial cash payment of at least 20 per centum of the sales price and the remainder shall be paid in equal annual installments within a term not in excess of five years: *Provided further*, That whenever it is found by the Secretary that it is not practicable to dispose of lands reserved for sale pursuant to subparagraph (b) hereof under the provisions of title I of this Act, such lands may be sold by the Secretary under the authority of this subparagraph (d).

(e) The Secretary shall cause the defense relocation corporations, land-leasing and land-purchasing associations, and other similar corporations or associations to sell properties to which they hold title in accordance with the limitations and procedures prescribed in this section.

SPECIAL CONDITIONS AND LIMITATIONS ON LOANS

SEC. 44. The Secretary, under this Act—

(a) Shall make no loan—

(1) to any corporation or cooperative association;

(2) unless the appropriate county committee certifies in writing that the applicant is eligible to obtain such loan and that, in the opinion of such committee, he will honestly endeavor to carry out undertakings and obligations required of him under a loan which may be made by the Secretary;

(3) to any person, unless the applicant represents in writing, and it is administratively determined by the Secretary, after a certification to such effect by the appropriate county committee, that credit sufficient in amount to finance the actual needs of the applicant is not available to him at the rates (but not exceeding the rate of 5 per centum per annum) and terms prevailing in the community in or near which the applicant resides for loans of similar size and character from commercial banks, cooperative lending agencies, or from any other responsible source;

(4) for the carrying on of any land-purchase or land-leasing program, or for the purpose of carrying on any operations in collective farming, or cooperative farming, or for the organization, promotion, or management of homestead associations, land-leasing associations, land-purchasing associations, or cooperative land-purchasing for colonies of rehabilitants and tenant purchasers, except for the liquidation as expeditiously as possible of any such projects heretofore initiated.

(b) Shall, except as otherwise specifically provided by the Congress, make all loans at the interest rate of 5 per centum per annum evidenced by notes requiring full liability of the maker and upon such security and such other terms and conditions as the Secretary may prescribe, including such provisions for the supervision of the borrower as the Secretary shall deem necessary to protect his interests.

(c) Shall, in the case of every loan, require in the loan and security instruments that if at any time it shall appear to the Secretary that the borrower may be able to obtain a loan from a production credit association, Federal land bank, or other responsible cooperative or private credit source at rates (but not exceeding the rate of 5 per centum per annum) and terms for loans for similar periods of time and purposes prevailing in the area in which the loan is to be made, the borrower shall, upon request of the Secretary, apply for and accept such loan in sufficient amount to repay the Secretary and to pay for any stock necessary to be purchased in the cooperative lending agency in connection with the loan. *Provided, however,* That in the case of mortgage loans heretofore or hereafter insured under this title, the Secretary may at his discretion delay his request for refinancing until the borrower has acquired a sufficient equity in the farm to enable the holder of the insured mortgage to refinance the loan on an uninsured basis under laws or regulations to which he may be subject.

TRANSFER OF LANDS TO SECRETARY

SEC. 45. The President may at any time in his discretion transfer to the Secretary any right, interest or title held by the United States in any lands acquired in the program of national defense and no longer needed therefor, which the President shall find suitable for the purposes of this Act, and the Secretary shall dispose of such lands in the manner and subject to the terms and conditions of this Act.

TRANSACTIONS WITH CORPORATIONS

SEC. 46. Nothing in this Act shall authorize the making of any loan or the sale or other disposition of real property or any interest therein, other than interests in coal, oil, gas or other minerals, to any

private corporation, except in furtherance of liquidation or the leasing of mineral interests to corporations or individuals from time to time in accordance with policies established by the Secretary of Agriculture.

SURVEYS AND INVESTIGATIONS

SEC. 47. The Secretary is authorized to conduct surveys and investigations relating to the conditions and factors affecting, and the methods of accomplishing most effectively, the purposes of this Act, and may, when funds are specifically appropriated therefor by the Congress publish and disseminate information pertinent to the various aspects of its activities.

VARIABLE PAYMENTS

SEC. 48. The Secretary shall require annual payments in installments sufficient to pay any obligations or indebtedness to him under this Act within the term of such obligation or indebtedness. The Secretary shall provide a method whereby a borrower may pay any obligation or indebtedness by a system of variable payments under which a surplus above the required installment for any year may be paid in periods of above-normal income and employed to reduce payments below the required annual payment in subsequent periods of subnormal income. Any advance payments to the Secretary shall not affect the obligation to pay the required annual installment during periods of normal or above-normal income. The foregoing requirements shall not preclude establishing the initial annual payment at a date not exceeding two full crop years from the date of the loan where the Secretary determines that farm income sufficient to make the initial payment cannot be readily anticipated at an earlier date, but this provision shall not have the effect of extending the maximum term of any loan.

SETOFF

SEC. 49. No setoff shall be made against any payment to be made by the Secretary to any person under the provisions of this Act, by reason of any indebtedness of such person to the United States, and no debt due to the Secretary under the provisions of this Act shall be set off against any payments owing by the United States, unless the Secretary shall find that such setoff will not adversely affect the objectives of this Act.

TAXATION

SEC. 50. (a) All property which is being utilized to carry out the purposes of title I of this Act (other than property used solely for administrative purposes) shall, notwithstanding that legal title to such property remains in the Secretary, be subject to taxation by the State, Territory, district, dependency, and political subdivision concerned, in the same manner and to the same extent as other similar property is taxed.

(b) All property to which subsection (a) of this section is inapplicable which is held by the Secretary pursuant to this Act shall be exempt from all taxation now or hereafter imposed by the United States or any State, Territory, district, dependency, or polical subdivision, but the Secretary shall make payments in respect of any such property in lieu of taxes.

BID AT FORECLOSURE

SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, *insured by* or acquired by the Secretary under [this Act, the Act of August 14, 1946, the Act of April 6, 1949, the Act of August 28, 1937, or the item "Loans to Farmers, 1948, Flood Damage" in the Act of June 25, 1948, as those Acts are heretofore or hereafter amended or extended] *any programs administered by the Farmers Home Administration*; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; *to sell or grant rights-of-way or easements over such property*; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act.

FEES AND COMMISSIONS PROHIBITED

SEC. 53. No officer, attorney, or other employee of the Secretary shall, directly or indirectly, be the beneficiary of or receive any fee, commission, gift, or other consideration for or in connection with any transaction or business under this Act other than such salary, fee or other compensation as he may receive as such officer, attorney, or employee. No member of a county committee established under section 42 shall knowingly make or join in making any certification prohibited by section 2 (c). Any person violating any provision of this section shall, upon conviction thereof, be punished by a fine of not more than $2,000 or imprisonment for not more than two years, or both.

EXTENSION OF TERRITORIES

SEC. 54. The provisions of this Act shall extend to the Territories of Alaska and Hawaii and to Puerto Rico and the Virgin Islands. In the case of Alaska and Puerto Rico and the Virgin Islands, the term "county" as used in this Act shall be deemed synonymous with "Territory", or any subdivision thereof as may be designated by the Secretary, and payments under section 33 of this Act shall be made to the Governor of the Territory or to the fiscal agent of such subdivision.

SEPARABILITY

SEC. 55. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

* * * * * * *

PUBLIC LAW 727, (68 STAT. 999; 69 STAT. 223, 69 STAT. 263, 12 U. S. C. (1952 ED. SUPP. III) 1148a–1, NOTE) AS AMENDED

AN ACT To provide emergency credit

Be it enacted by the Senate and House of Representatives of the United States of Ameria in Congress assembled, That until June 30, [1957] *1959*, the Secretary is authorized to make emergency loans for any agricultural purposes, except for refinancing of existing indebtedness, aggregating not to exceed [$15,000,000] *$65,000,000* to farmers and stockmen in any area or areas where the Secretary determines that there is a need for such credit which cannot be met for a temporary period from commercial banks, cooperative lending agencies, the Farmers Home Administration under its regular programs or under the Act of April 6, 1949, or other responsible sources.

SEC. 2. Loans under this Act shall (1) be made only to individuals or partnerships who are actively engaged in the operation of farms or ranches; (2) not exceed $15,000 in the case of any one loan; (3) not be made to any one borrower so as to increase the total indebtedness of such borrower under this Act to an amount in excess of $20,000 (including principal and accrued interest); (4) be made at such rate of interest, not to exceed 3 per centum per annum, and on such terms and conditions as the Secretary shall prescribe for such area or areas; and (5) be secured by the personal obligation and available security of the producer or producers.

SEC. 3. The Secretary may utilize the revolving fund created by section 84 of the Farm Credit Act of 1933, as amended (12 U. S. C. 1148a), for making loans under this Act, and for administrative expenses in connection with such loans. Sums received by the Secretary from the liquidation of loans made under this Act shall be added to and become a part of the said revolving fund.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 5, 1956
For actions of June 4, 1956
84th-2nd, No. 91

CONTENTS

Accounting.....49
Agricultural appropriations.....48
Animal disease.....37
Appropriations..1,11,12,42 52
Budgeting.....49
Dairy products.....8,17
Defense production.....5
Export control.....4
Farm credit.....50
Farm income.....39
Farm loans.....7,13
Farm products.....43
Farm program.....26
Fisheries.....44
Food supply.....24
Foreign aid.....20,28
Foreign trade.....25
Forest Service.....12
Forestry.....2,15,23,36
Guam.....16
Health.....45
Legislative program.....11
Livestock.....14
Monopolies.....10,18,51
Personnel.....3,33
Postal rates.....34
Poultry.....14,40
Public lands.....6
Public power.....9
Public works.....32
Reclamation.....21,35
Recreation.....45
Safety.....29,46
Seed.....16
Small business....19,30,51
Social security.....11
Soil conservation.....31
Strategic materials.....22
Surplus commodities..22,41
Taxation.....14,43
Tobacco.....47
Transportation.....14,27
Veterans' benefits.....38
Water.....31,35
Wildlife.....16

HIGHLIGHTS: See page 7.

SENATE

1. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 9720, the Labor-HEW appropriation bill for 1957 (S. Rept. 2093); and H. R. 10003, the D. C. appropriation bill for 1957 (S. Rept. 2094). p. 8457
   Made the Labor-HEW appropriation bill its unfinished business for consideration today. p. 8498

2. FORESTRY. Passed without amendment H. R. 9822, to require the Interior Department to establish a trout hatchery in the Pisgah National Forest, N. C. Sen. Flanders discussed, but did not submit, an amendment to this bill to provide for the reconstruction and equipment of the fish hatchery in the Green Mountain National Forest, and stated that he would introduce a bill for this purpose. This bill is now ready for the President. p. 8497

3. PERSONNEL. Passed without amendment H. R. 3255, to preserve the basic compensation of classified employees whose positions are reclassified to a lower grade. This bill is now ready for the President. p. 8498

4. EXPORT CONTROL. The Banking and Currency Committee ordered reported with amendment H. R. 9052, to extend the Export Control Act of 1949 for 2 years. p. D558

5. DEFENSE PRODUCTION. The Banking and Currency Committee ordered reported with amendments S. 3407, to extend the Defense Production Act of 1950. p. D558

6. PUBLIC LANDS. An Interior and Insular Affairs subcommittee ordered reported with amendments to the full committee H. R. 4096, to provide for the disposal of public lands within highway, telephone, and pipeline withdrawals in Alaska, subject to appropriate easements. p. D558

7. FARM LOANS. An Interior and Insular Affairs subcommittee ordered reported without amendment to the full committee H. R. 8385, to transfer to the Secretary of Agriculture the responsibilities relating to Puerto Rican hurricane relief loans. p. D558

8. SCHOOL MILK. Sen. Aiken inserted a statement of congressional intent in extending benefits of the special school milk program to certain child-care institutions and summer camps, which stated t at it was the "prevailing desire of the committee to direct extension of the milk program to summer camps and to settlement houses, orphanages, and other similar institutions which were serving economically underprivileged children." p. 8479

9. PUBLIC POWER. Sen. Neuberger inserted a newspaper editorial opposing the development of Niagara Falls hydrcelectric project. p. 8487

10. MONOPOLIES. Sen. Butler inserted his statement reviewing and commending the Administration's antitrust enforcement record. p. 8499

11. LEGISLATIVE PROGRAM. Majority Leader Johnson announced that the Labor-HEW and D. C. appropriation bills would be taken up today, and that the social security bill would be considered later this week. p. 8458

HOUSE

12. APPROPRIATIONS. Agreed to the conference report on H. R. 9390, the Interior Department appropriation bill for 1957 (including Forest Service items). p. 8503

Conferees were appointed on H. R. 10899, the Commerce Department appropriation bill for 1957. p. 8503 Senate conferees were appointed on May 31.

13. FARM LOANS. The Agriculture Committee reported with amendment H. R. 11544, to improve and simplify the credit facilities available to farmers and to amend the Bankhead-Jones Farm Tenant Act (H. Rept. 2260) (pp. 8511, 8517). Regarding this bill, the Committee issued the following statement on June 1:

"The Committee on Agriculture today unanimously ordered reported a bill by Chairman Cooley (H.R. 11544) which will make important changes in the direct loan programs of the Department of Agriculture administered by the Farmers Home Administration.

"The bill was drafted by the Conservation and Credit Subcommittee after extended consideration of more than a score of bills dealing with various aspects of the Farmers Home Administration loan programs. As reported by the committee, the bill will provide additional funds for emergency loan programs, authorize refinancing of existing farm debts, provide assistance to part-time farmers, and complement the Great Plains Program and the special program for low-income farmers.

"Following are the major provisions of the bill:

"(1) Authorizes the refinancing of existing indebtedness of eligible farmers 'on farms of not more than family size' if the borrowers are 'presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill'. The bill authorizes FHA to accept a second mortgage for direct loans for this purpose, but not for insured loans.

"(2) Authorizes FHA to make loans, for the first time, to 'part-time' farmers. Loans authorized include those for real estate improvement and development and loans for operating expenses. To be eligible a borrower would have to be a 'bona fide' farmer who has depended on agriculture for his livelihood for at least one year out of the most recent ten and who is conducting a 'substantial farming operation' at the time the loan is made. Such loans may also be made for refinancing but not for the acquisition of such a farm unit.

"(3) The bill extends from June 30, 1957 to June 30, 1959 the authority to make 'economic emergency loans' under Public Law 727, 83rd Congress, and increases from 15 million dollars to 65 million dollars the amount of money from the loan revolving fund which may be used for such loans.

"(4) Increases from $7,000 to $9,000 the maximum amount of an initial loan for operating purposes and from $10,000 to $15,000 the total indebtedness for such loans a borrower may have outstanding at any one time.

"(5) Authorizes the Secretary to extend the repayment period of regular operative loans to farmers in disaster areas by the number of years the area has been classified as a disaster area.

"(6) Not included in the bill because existing law contains the general authority, but to be included in the committee report, is a statement of policy favoring the making of emergency replanting loans to orchardists whose orchards have been destroyed by natural disasters with a deferred repayment schedule geared to the time required to obtain a crop from the replanted trees."

14. TAXATION. The Conference Committee, on June 1, reported on H. R. 6143, to repeal the tax on livestock sold on account of drought (H. Rept. 2253), and the House received the conference report on June 4. The conferees omitted the provisions repealing the transportation tax on poultry, and modified the livestock provision so as to eliminate the Senate requirements regarding existence of a major disaster and a finding of eligibility by the Secretary of Agriculture. pp. 8515, 8517

15. FORESTS. The Agriculture Committee ordered reported on June 1, H. R. 8657, to provide for the purchase of certain lands for inclusion in the Superior National Forest. p. D560

16. GUAM. The Interior and Insular Affairs Committee reported without amendment H. R. 11522, to provide for the extension of certain provisions of Federal laws, including the Federal Seed Act, the Vocational Rehabilitation Act, and wildlife restoration authorities, to Guam (H. Rept. 2259). p. 8518

17. MILK. The Dairy Subcommittee of the Agriculture Committee ordered reported to the full committee H. R. 609, to extend certain provisions of the Federal Import Milk Act of 1927 to Alaska. p. D560

18. MONOPOLIES. The Rules Committee reported a resolution for the consideration of H. R. 1840, to strengthen the Robinson-Patman Act and amend the antitrust law prohibiting price discrimination. pp. 8506, 8517

19. SMALL BUSINESS. Rep. Hill commended the President for the appointment of a "Cabinet Committee on Small Business" as evidence of the recognition by the Administration of the importance of small concerns. p. 8507

20. FOREIGN AID. Rep. Vorys discussed the economic aid provisions of the mutual security bill, H. R. 11356. p. 8513

21. RECLAMATION. The Irrigation Subcommittee of the Interior and Insular Affairs Committee ordered reported to the full committee, on June 1, H. R. 7726 and S. 3101, to authorize construction of the Crooked River Federal reclamation project, Ore. p. D560

ITEMS IN APPENDIX

22. SURPLUS COMMODITIES. Sen. Martin inserted Asst. Secretary of the Interior Wormser's speech, "Materials and Energy Supplies of the Future," reviewing the operation of our present barter program, through which we dispose of agricultural surpluses and acquire strategic materials. p. A4377

23. FORESTS. Sen. Aiken inserted a prize-winning essay, "Why Our Forests Are Important To Us." written by a student constituent at Brattleboro, Vt. p. A4386

24. FOOD SUPPLY. Rep. Cooley inserted Dr. W. E. Colwell's, N. C. Agricultural Experiment Station, speech, "Agriculture and Food Supply in Various Parts of the World," describing the great importance of agriculture and the problems now facing farmers. p. A4425

25. FOREIGN TRADE. Rep. Jensen inserted an article stating that United States observers at Geneva urge OTC membership. p. A4389

Extension of remarks of Rep. Bailey stating that "the endorsement of our trade policies by the top leaders of the AFL and CIO does not carry the approval of scores of the local unions..." p. A4402

26. FARM PROGRAM. Sen. Thye inserted an editorial, "An Unfinished Letter," replying to the question asked of the editor, "when are you going to have the courage to tell 2 million farmers that they ought to get off the farm and go to work somewhere else?" p. A4390

Rep. Curtis, Mo., inserted an article, "An Unbiased Look at the Farm Situation," and stated that "if we are ever to solve the farm problems we must start analyzing them objectively." p. A4407

Sen. Langer inserted a GTA radio roundup discussing farm prices and stating that "the farmers' economic troubles are now moving into town." p. A4414

27. TRANSPORTATION. Sen. Butler inserted an address delivered by the national commander of the American Legion favoring 50-50 cargo preference legislation. p. A4390

28. FOREIGN AID. Extension of remarks of Rep. Miller, Neb., opposing foreign aid programs and inserting a newspaper article stating that "no Member of Congress is snowed under with mail whooping it up for the giveaway." p. A4423

29. SAFETY. Rep. Frelinghuysen inserted the President's speech before the opening session of the nationwide conference on industrial safety; and the speech of W. F. Schnitzler, AFL-CIO, on, "Labor's Responsibility for the Prevention of Accidents," and J. D. Zellerbach's speech, "Management's Responsibility for the Prevention of Accidents." pp. A4394, A4428, A4430

Union Calendar No. 848

84TH CONGRESS
2D SESSION

H. R. 11544

[Report No. 2260]

IN THE HOUSE OF REPRESENTATIVES

MAY 31, 1956

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

JUNE 4, 1956

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

Section 1 (a) is amended by striking from the second sentence thereof the words "to assist borrowers under this title in making the" and inserting in lieu thereof the words

"or insured for" and by striking the word "their" preceding the words "farming operations".

(b) Section 1 (b) is amended by inserting after the word "only" in the first sentence the words "farm owners", by striking the words "(including owners of inadequate or underimproved farm units)", and by inserting in lieu of the words "the major portion" the words "a substantial portion".

(c) Section 1 (c) is amended to read as follows: "No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: *Provided, however,* That—

"(1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

"(2) loans may be made or mortgages insured to owner-operators who are bona fide farmers who have during one or more of the last ten years depended on

farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, to repair or improve such farm units, and to refinance indebtedness of the owner incurred for agricultural purposes, if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loan."

(d) The second sentence of section 2 (b) is amended by striking the period at the end thereof and inserting a comma and the following: "except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm."

(e) Section 12 (b) is amended by striking the figures "$100,000,000" and inserting in lieu thereof the figures "$125,000,000".

(f) Section 12 (c) is amended by striking item (5) thereof and inserting in lieu thereof a new item (5) reading as follows:

"(5) The principal obligation (plus the amount of ~~the prior lien, if any, and~~ *any* fees and charges chargeable under subsection (d) of this section) shall not exceed 90 per

centum of the value of the farm as certified by the county committee pursuant to section 2 (b) ;"

(g) Section 12 (e) is amended by striking from the last sentence of item (2) the words "to carry out the provisions of this title, relating to mortgage insurance" and by inserting in lieu thereof the words "of the Farmers Home Administration and may be transferred annually to that administrative expense account and become merged therewith".

(h) The following new section 17 is added:

"SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers on farms of not more than family size who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fufill. No such loans shall be made to an applicant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate, less any prior lien indebtedness not to be refinanced, and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebted-

ness shall be adjusted so as to be within such values. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000."

SEC. 2. Title II of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words "Production and Subsistence Loans" in the title and inserting in lieu thereof the words "Operating Loans", and by the amendment of section 21 to read as follows:

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence: *Provided, however,* That loans may be made to operators who are bona fide farmers who have during one or more of the last ten years depended upon farm income for their livelihood and who are conducting substantial farming operations on units ~~who~~ *which* are less than family-type units, if the units are of sufficient size to produce income which, together with income from other sources, including pensions in the case

of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No initial loan to any one borrower under this section shall exceed ~~$8,000~~ *$9,000* and no further loan may be made under this section to a borrower so long as the total amount outstanding under this section, including accrued interest, taxes, and other obligations properly chargeable to the account of the borrower, exceeds $15,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed seven years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: *Provided, however,* That in justifiable cases, in areas designated under Public Law 875, Eighty-first Congress, as amended (42 U. S. C. 1855), for agricultural assistance or where the Secretary has made loans under Public Law 38, Eighty-first Congress, as amended (12 U. S. C. 1148a), or under Public Law 727, Eighty-third Congress, as amended (12 U. S. C. 1141a–1), where the Secretary finds that the inability of a borrower to

repay his indebtedness under this section within seven years is due to natural causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed a number of additional years equal to the number of years the area has been designated for such emergency assistance or loans. The Secretary may make additional loans to such persons, if necessary, during the same number of additional years."

SEC. 3. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

(a) Section 41 (g) is amended to read as follows:

"(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers' Home Administration under any of its programs, as circumstances may require: *Provided, however,* That—

"(1) compromise, adjustment, or reduction of claims of $15,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General pursuant to the provisions of section 3469 of the Revised Statutes (31 U. S. C. 194);

"(2) compromise, adjustment, or reduction of claims shall be based on a reasonable determination by

the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

"(3) releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

"(A) borrowers who have transferred the security property to other approved applicants under agreements assuming the outstanding secured indebtedness; and

"(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"(4) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than

recommended by the appropriate county committee established pursuant to section 42 of this Act; and

"(5) any claim which has been due and payable for five years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt payment ability, or is deceased and has left no estate, or has been absent from his last known address for a period of at least five years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided, however,* That claims involving a principal balance of $150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical."

(b) The first sentence of section 42 (a) is amended by inserting after the word "county" where it first appears, the words "or area within a county" and after the word "county" where it later appears in said sentence, the words "or area".

(c) Section 43 (d) is amended by striking the words "as family-size farms".

(d) Section 51 is amended to read as follows:

"SEC. 51. The Secretary is authorized and empowered

to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by or acquired by the Secretary under any programs administered by the Farmers' Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act. Any advances or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortgage insurance fund."

SEC. 4. Section 1 of the Act of August 31, 1954, as amended (68 Stat. 999; 69 Stat. 223), is further amended by striking the figures "1957" and inserting in lieu thereof the figures "1959" and by striking the figures "$15,000,000" and inserting in lieu thereof "$65,000,000".

Union Calendar No. 848

84TH CONGRESS
2D SESSION

H. R. 11544

[Report No. 2260]

A BILL

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

By Mr. COOLEY

MAY 31, 1956

Referred to the Committee on Agriculture

JUNE 4, 1956

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 15, 1956
For actions of June 14, 1956
84th-2nd, No. 99

CONTENTS

Adjournment.....7,24
Alaska.....3
Appropriations.....1,12,37
Buildings.....20
Construction.....4
Contracts.....4
Credit policies.....17
Dairy industry.....6
Defense production.....9
Depressed areas.....5
Farm program.....29
Federal Register.....21
Flood control.....18
Food.....14
Foreign aid.....26
Foreign trade.....10
Forestry.....3,33
Housing.....2,6,17,25
Information.....32
Lands.....31,34
Laws.....13
Legislative program...6,23
Loans, farm.....2,6
Monopolies.....19,27
Personnel.....30,35,36
Price supports.....16
Printing.....32
Property.....22
Research.....8,33
Safety.....11
Small business.....17
Supergrades.....6
Textiles.....28
Water pollution.....15

HIGHLIGHTS: House committee ordered reported revised housing bill. Both Houses agreed to conference report on Commerce appropriation bill. Ready for President. Senate committee reported bill to extend Defense Production Act. Sen. Capehart urged new research program to develop additional industrial uses of agricultural products. Senate passed bill to extend Export Control Act.

HOUSE

1. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 10899, the Commerce Department and related agencies appropriation bill for 1957. pp.9334, 9373 This bill is now ready for the President.

2. FARM LOANS. The Banking and Currency Committee ordered reported H. R. 11742, to extend and amend laws relating to the provision and improvement of housing and conservation and development of urban communitities, and certain farm housing programs. p. D629

The "Daily Digest" states that the Rules Committee granted a rule for the consideration of H. R. 11544, to amend the Bankhead-Jones Farm Tenant Act, to improve and simplify credit facilities available to farmers. p. D630

3. ALASKA; FORESTS. Conferees were appointed on H. R. 6376, to provide for the hospitalization and care of the mentally ill of Alaska, including a grant of not to exceed 1 million acres of public lands to assist in carrying out the program (includes lands eliminated from national forests). p. 9374 Senate conferees have not yet been appointed.

4. CONTRACTS. Rep. Crumpacker requested and received permission for the Judiciary Committee to file, by Fri. midnight, a report on S. 1644, to prescribe policy and to improve existing procedure and practices in connection with the letting of lump-sum Federal construction contracts and to place the awarding of such contracts on a more efficient basis. p. 9374

5. AREA ASSISTANCE. Rep. Flood spoke in favor of his bill H. R. 11715, to alleviate certain conditions in areas of excessive unemployment. p. 9384

6. LEGISLATIVE PROGRAM. Rep. McCormack announced the following schedule for the week of June 18: Mon., Consent Calendar, then bills relating to definition of dry milk solids and the development of improved marketing facilities; Tues., Private Calendar; and balance of the week, new farm loan bill, housing bill, and supergrades bill. p. 9374

7. ADJOURNED until Mon., June 18. pp. 9374, 9384

SENATE

8. RESEARCH. Sen. Capehart urged passage of his bill (S. 3503) providing for a research program for the development of increased and additional industrial uses of agricultural products, and inserted several statements and newspaper articles in support of the bill. p. 9315

9. DEFENSE PRODUCTION. The Banking and Currency Committee reported with amendments H. R. 9852, to extend the Defense Production Act of 1950 (S. Report. 2237). p. 9261

10. FOREIGN TRADE. Passed with amendments H. R. 9052, to extend the Export Control Act of 1949 for 2 years. p. 9361

11. SAFETY. Sen. Humphrey inserted a magazine editorial in support of S. 3517, to provide for the reorganization of the Government safety functions p. 9260

12. APPROPRIATIONS. The Appropriations Committee reported with amendments H.R. 11473, the legislative branch appropriation bill for 1957 (S. Rept. 2236). p. 9260

13. LAWS. The Judiciary Committee reported with an amendment S. 3143, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws (S. Rept. 2230). p. 9260

14. FOOD SUPPLY. Sen Payne inserted and commented on a survey of the National Academy of Sciences concerning the effects of radioactivity on heredity, environment, and food supply. p. 9267

15. WATER POLLUTION. Conferees were appointed on S. 890, to extend and strengthen the Water Pollution Control Act. House conferees were appointed June 13. p. 9281

16. PRICE SUPPORTS. Agreed to S. Res. 283, authorizing the Library of Congress and the staff of the Agriculture and Forestry Committee to prepare a compilation of material related to the price support program for use of high school debaters. Sen. Knowland gave notice of a motion to reconsider the vote by which the resolution was agreed to. Sen. Aiken criticized certain material to be included in the compilation. pp. 9264, 9338

84TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 2365

CONSIDERATION OF H. R. 11544

JUNE 18, 1956.—Referred to the House Calendar and ordered to be printed

Mr. SMITH of Virginia, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 542]

The Committee on Rules, having had under consideration House Resolution 542, report the same to the House with the recommendation that the resolution do pass.

House Calendar No. 237

84TH CONGRESS
2D SESSION

H. RES. 542

[Report No. 2365]

IN THE HOUSE OF REPRESENTATIVES

JUNE 18, 1956

Mr. SMITH of Virginia, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

---

RESOLUTION

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for

amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

House Calendar No. 237

84TH CONGRESS
2D SESSION

H. RES. 542

[Report No. 2365]

RESOLUTION

Providing for the consideration of H. R. 11544, a bill to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

By Mr. SMITH of Virginia

JUNE 18, 1956

Referred to the House Calendar and ordered to be printed

H. RES. 542

RESOLUTION

June 20, 1956

H. R. 11708, a similar bill". H. R. 11708 contains provisions for assistance to U. S. information and educational exchange activities, and to prevent U. S. agricultural commodities sold to result in the increase in availability of like commodities to unfriendly nations. p. D652

10. SURPLUS PROPERTY. Passed as reported H. R. 7227, to amend the Federal Property and Administrative Services Act of 1949 to authorize the disposal of surplus property for civil defense purposes. p. 9598

HOUSE

11. FARM LOANS. Passed as reported H. R. 11544, to improve and simplify the credit facilities available to farmers, and to amend the Bankhead-Jones Farm Tenant Act. pp. 9627, 9637 (For provisions of the bill, see Digest No. 91)

12. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 9739, the independent offices appropriation bill for 1957. The House concurred in one Senate amendment in disagreement, and amended another Senate amendment which was in disagreement, to which the Senate later agreed. pp. 9584, 9617 This bill is now ready for the President.

Concurred in the Senate amendments to H. R. 11473, the legislative branch appropriation bill for 1957. p. 9618 This bill is now ready for the President.

13. FOREIGN AFFAIRS. Received from the President the report of the National Advisory Council on International Monetary and Financial Problems (H. Doc. 430); to the Foreign Affairs Committee.

Rep. McCormack discussed the problem of competition between Russian and American foreign aid programs, and suggested that an analysis should be made of the situation. p. 9636

The Foreign Affairs Committee ordered reported S. 3116, to strengthen international relations through cultural and athletic exchanges and participation in international fairs and festivals. p. D655

14. PERSONNEL. Passed as reported H. R. 11040, to advance the scientific and professional research and development programs of the Departments of Defense, Interior and Commerce by authorizing additional supergrade positions in certain skills. p. 9629

Rep. Lesinski spoke in favor of his bill H. R. 11790, to increase the salaries of those Federal employees who are paid in accordance with the Classification Act of 1949. p. 9651

Rep. Sikes criticized the Bradley Commission's report on Veterans' Benefits as denying just recognition to the veterans of all the wars. p. 9653

Received from the Commission on Government Security a proposed bill to extend the time for the Commission to file its final report; to the Judiciary Committee. p. 9656

15. AREA ASSISTANCE. Rep. Flood spoke in favor of the purposes of his bill H. R. 7857, which he has amended, to relieve chronic unemployment in certain depressed areas. p. 9647

16. PUBLIC DEBT. The Ways and Means Committee reported without amendment H. R. 11740, providing for a temporary increase of $3 billion in the statutory debt limit for the fiscal year 1957 (H. Rept. 2407). p. 9656

17. FORESTRY; MINING. The Government Operations Committee issued a report on the Al Sarena mining case (H. Rept. 2408). p. 9656

ITEMS IN APPENDIX

18. CIVIL DEFENSE. Rep. Holifield inserted two articles by Hanson Baldwin analyzing some of the essential problems confronting our civil defense programs. p. A4896

19. ROADS. Rep. Boggs inserted a series of articles analyzing the implications of the proposed road bill. p. A4900

Rep. Curtis, Mass., inserted an editorial, "Highways or Handouts?" and stated that "it gives strong support to the House plan for the distribution of Federal aid for the 40,000-mile Interstate System in preference to the Senate plan." p. A 4904

20. REA. Extension of remarks of Rep. Jackson stating that in the Congressional Record for May 22 there is an article written by Clyde T. Ellis, Rural Electric Cooperative Ass'n, and one by Claude R. Wickard, that "the last 4 paragraphs are identical, word for word..." and that "it seems rather unusual for two people to use the same ghost writer." p. A4911

21. FOREIGN AID. Extension of remarks of Rep. Sheehan stating that "it is most interesting to note that we have spent over $50 billion in foreign aid, while at the same time foreign investments in this country now exceed half of that amount," and inserting and editorial on this subject. p. A4916

22. VETERANS' BENEFITS. Rep. Multer inserted Geo. C. Johnson's pres., of the Dime Savings Bank of Brooklyn, statement urging that home loans for veterans be extended for a minimum of one year. p. A4917

Rep. Griffiths inserted a Disabled American Veterans of Michigan resolution opposing the recommendations of the Bradley Commission on veterans benefits. p. A4921

23. CHEMICALS IN FOOD. Rep. Miller, Neb., inserted his speech before the Institute of Food Technoligists' 16th annual meeting discussing the progress made through research in the field of nutrition and other practical applications of chemicals and that there is no question but what chemicals are needed in the preparation, preservation and use of food. p. A 4918

BILLS INTRODUCED

24. DEPRESSED AREAS. H. R. 11860, by Rep. Ashley, to alleviate conditions of excessive unemployment and underemployment in depressed industrial and rural areas; to Banking and Currency Committee.

25. PROPERTY. H. R. 11863, by Rep. Fascell, to amend the Federal Property and Administrative Services Act of 1949 to permit the donation and other disposal of property to State welfare agencies and nonprofit welfare institutions; to Government Operations Committee.

26. PERSONNEL. H. R. 11864, by Rep. Fascell, a bill relating to the computation of the retirement income credit in the case of joint income-tax returns; to Ways and Means Committee.

27. AUTOMATION. H. R. 11865, by Rep. Hayworth, to amend the Employment Act of 1946 to provide for studies of the social and economic effects of automation; to Government Operations Committee.

28. INSPECTION SERVICE. H. R. 11871, by Rep. Murray (by request) to provide a uniform premium pay system for Federal employees engaged in inspectional service,

The Clerk read the Senate amendments as follows:

Page 2, line 5, after "filed", insert "with the Veterans' Administration."

Page 2, line 6, after "act", insert "and payment of any such benefits shall be made by the Veterans' Administration."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

REPORT OF THE NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 430)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with accompanying papers, referred to the Committee on Foreign Affairs and ordered to be printed:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, a report of the National Advisory Council on International Monetary and Financial Problems submitted to me through its Chairman, covering its operations from July 1 to December 31, 1955, and describing, in accordance with section 4 (b) (5) of the Bretton Woods Agreements Act, the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development for the above period.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 20, 1956.*

ANNUAL REPORT OF THE OFFICE OF ALIEN PROPERTY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with accompanying papers, referred to the Committee on Interstate and Foreign Commerce and ordered to be printed:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, the Annual Report of the Office of Alien Property, Department of Justice, for the fiscal year ended June 30, 1955.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 20, 1956.*

SPECIAL ORDER

Mr. JOHNSON of California. Mr. Speaker, last week I obtained a special order to address the House for 30 minutes today, which I would like to have vacated and I ask unanimous consent to address the House for 30 minutes on next Wednesday, after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

NARCOTICS

(Mrs. FRANCES P. BOLTON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. FRANCES P. BOLTON. Mr. Speaker, I want to add my word of pleasure at the passage of the narcotics bill H. R. 11619, introduced by my distinguished colleague from Louisiana [Mr. BOGGS]. It is many years since I first became aware of the terrible menace of narcotics addiction—many years since I started doing the little one person can do in such a vast sea of crime. Long ago I realized that unless the penalties for the illegal sale of drugs, especially to minors, were made much more severe there would be no surcease. These infamous people do not commit just a single murder, they are responsible for a form of mass murder directed most of all against women and young people. May I take this moment to thank my eminent colleague the gentleman from Louisiana [Mr. BOGGS] for his fine courage in bringing this bill to the floor. By its unanimous vote the membership of this House has shown its determination to do its full share in destroying this menace.

In earlier days the laws of Ohio were lenient and peddlers came in from other States in such numbers that the Federal Bureau had to double and treble its agents in our State. However, Ohio stiffened her narcotic laws and since then these ghouls have been less troublesome. It will be a wonderful day for America when we have cleaned out this menace.

COMMITTEE ON GOVERNMENT OPERATIONS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations may have until midnight tonight to file a report, and that the same privilege be given any member of the minority to file minority or accompanying views, and that if such report is filed today in time it is to be printed with the majority report; otherwise the majority report will be printed.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. HOFFMAN of Michigan. Mr. Speaker, reserving the right to object, I assume that the additional views and the majority views will all be printed together?

Mr. McCORMACK. As I have said in my unanimous consent request, if the minority views are filed in time with the Public Printer, they will be incorporated in one report.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CALL OF THE HOUSE

Mr. MASON. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 73]

Adair	Durham	Prouty
Barrett	Eberharter	Richards
Bass, Tenn.	Gamble	Sadlak
Bell	Hoffman, Ill.	St. George
Blatnik	Kelley, Pa.	Saylor
Brooks, La.	King, Calif.	Shelley
Brooks, Tex.	Krueger	Sieminski
Carlyle	Lane	Taylor
Carnahan	Long	Thompson, La.
Chatham	McConnell	Thornberry
Chudoff	Morrison	Vursell
Cretella	Nelson	Wickersham
Davidson	O'Hara, Minn.	Wilson, Calif.
Diggs	Patman	Wolcott
Dodd	Patterson	Zelenko
Dowdy	Powell	

The SPEAKER. Three hundred and eighty-two Members are present, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FARM LOAN PROGRAMS

Mr. SMITH of Virginia. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 542 and ask for its present consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Virginia is recognized for 1 hour.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the distinguished minority leader, former member of the Committee on Rules; and I yield myself such time as I may consume.

Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, House Resolution 542 makes in order the consideration of H. R. 11544, to amend the Bankhead-Jones Farm Tenant Act

to improve and simplify the credit facilities available to farmers.

The resolution provides for an open rule and 1 hour of general debate.

H. R. 11544 authorizes the refinancing of existing indebtedness of eligible farmers on family-size farms if the borrowers are unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance through any other lending agency. The FHA is authorized to accept second mortgages for direct loans for this purpose, but not for insured loans.

Provision is also made, for the first time, to allow the FHA to make loans for real estate and development and operating expenses to part-time farmers, providing that they have depended on agriculture for a living for at least 1 year of the most recent 10 and are conducting a substantial farm operation at the time they make application for loans.

New authorization is added to make loans to bona fide farmers who are owners and operators of smaller than family-size units. The bill permits the use of normal market value as the basis for these loans instead of valuation on the basis of earning capacity. However, the loans may not be made to persons without agricultural background, or for the acquisition of a part-time farm.

Another provision increases from $7,000 to $9,000 the maximum amount of an initial loan for operating purposes and increases from $10,000 to $15,000 the total indebtedness for such loans that borrowers may have outstanding at one time.

A further provision increases the annual authorization for insured loans from $100 million to $125 million. However, the aggregate of refinancing loans authorized to be insured in any one year will be $50 million out of the $125 million ceiling proposed.

The authority to make economic-emergency loans under Public Law 727 of the 83d Congress is extended for 2 years from June 30, 1957, to June 30, 1959, and increases the aggregate amount to be made out of the revolving fund for such emergency loans from $15 million to $65 million. The repayment period of regular operative loans to farmers in disaster areas is extended by the number of years the area has been classified as a disaster area.

These are the major provisions of the bill. Section 3 of the bills contains general provisions to extend the authority of the FHA in adjusting and compromising claims, writing off or releasing claims and grants authority to appoint additional county committees where necessary.

Mr. Speaker, on my request to speak out of order:

Mr. Speaker, we have before us in the Rules Committee today the so-called school construction bill. That bill will be voted out tonight by a majority vote of the Rules Committee. It will doubtless be called up for consideration in a few days. It has been before the Rules Committee for some months. It was before the Education and Labor for something like a year, I believe, before it could be reported out. From that it may be observed that the bill is of a highly controversial nature.

It has been examined with great care by the Rules Committee as it was by the Committee on Education and Labor. The purpose of my remarks this morning is to express the hope that in the interval before that bill comes up for consideration on the flood Members who are really interested in the merits of the legislation will take occasion to glance at the bill and see what it is all about, because, in the press accounts, you have not had the real facts about the bill and what it does in the way of expenditures. I know there is a lot of controversy about the segregation question and the so-called silly Powell amendment, but I do not want to discuss that. I want to discuss the bill itself and just one or two features of it.

The first title of the bill provides for an appropriation of a billion six hundred million dollars for a 4-year program of aid to public schools. The billion six hundred million dollars is the figure that has been spoken of and what I thought, and what I imagine most Members of the House think, is the figure that is going to be expended. But when you get through examining this bill you will find there are three titles and the aggregate amount involved is $8,350,000,000 for aid in the construction of school buildings.

I pass over section 1 because if you are going to have a school construction program, it seems to me that title I is about as good as you are going to be able to get. The gentlemen on my left know that the President's proposal was one for aid where needed. But title I does not give aid where needed; it gives aid indiscriminately all over the country. I have no comment to make about title I, however. If you are going to have this kind of a bill, which I do not believe in and to which I am opposed, but if you are going to have it, that is about as good as you are going to be able to do.

Then there is title II, which involves $750 million of further aid in financing these projects.

Then there is title III, which is the one I want to call your attention to merely for the purpose of expressing the hope that Members who are serious about this thing and Members who are thinking something about the Treasury and about orderly, intelligible legislation, will examine that with some care. I am going to aid you in that task by pointing to the page and section numbers which show the things I have in mind and which demonstrate how utterly ill considered title III is.

Title III undertakes to set up a system to aid the States in financing their proportion of the amounts to be given for this worthy cause. Section 311, page 23, states:

> Federal advances may be made pursuant to this title only with respect to obligations issued in the period beginning July 1, 1956, and ending June 30, 1960, in an aggregate principal amount not to exceed $6 billion.

Now, what that does is this: That sets up a situation where the Federal Government is going to undertake to assist in financing $6 billion worth of obligations of the States in case the States cannot sell the bonds, and the Federal Government will undertake year after year to put up one-half of the money to, what they call, "service" those bonds, and to "service" the bonds they intend and say that the service figure shall include not only the interest on the bonds but the amortization figure on the bonds. That means that the Federal Government is to put up one-half of $6 billion to take care of the Government's share of paying the amortization of these bonds plus one-half of the interest, so that they can clean up the principal and interest. So that at the minimum you are going to spend, in addition to the $1.6 billion, $3 billion plus interest.

Now, what I want to particularly call your attention to is the draftsmanship of that title relating to the $6 billion. You will find on page 24 under "Administrative Provisions" section 313 (a) this very remarkable piece of legislation, and I hope the Members of the House will listen carefully. I will read it slowly, because I want you to understand it, and I am sure you want to understand it, at least those who are in any wise interested in the merits of the situation. It reads as follows:

> The Commissioner—

That is, the Commissioner of Education—

> in addition to other powers conferred by this act, shall have power to agree to modifications of agreements made under this title and to pay, compromise, waive, or release any right, title, claim, lien, or demand, however arising or acquired under this title—

That is a type of legislation that I do not think I have observed in my experience here, where the administrator under an act involving this much money is entitled to give it away. And, there has been a lot of talk about it in the Committee on Rules. But, you cannot get away from the positive language of the bill, and that is the reason I read it with such care, in order that you may be advised on the subject.

Now, then, that does not end it. There is another little joker down there at the bottom of that paragraph. I will read it, and then I am through. Section (b) following that says this:

> Financial transactions of the Commissioner in making advances pursuant to this title—

That is, the financial transactions; everything about financing—

> and vouchers approved by the Commissioner in connection with such financial transactions, shall be final and conclusive upon all officers of the Government.

In other words, the effect of that is to repeal the officer of the Comptroller General so far as this bill is concerned.

Now, gentlemen, if that is what you want to do, it is up to you.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from West Virginia.

Mr. BAILEY. The gentleman, with one exception, has stated the situation just about correctly. I would like to say to him that he is in error in his thinking, if he thinks that the Government under

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. McCORMACK] has expired.

(Mr. McCORMACK asked and was given permission to proceed for 3 additional minutes.)

Mr. McCORMACK. Mr. Chairman, I am not talking as a Democratic Member, but as an American. I think my few remarks here today pretty much represent the views of the great majority, if not all, of my colleagues, without regard to political affiliation.

It is embarrassing to have the situation in which this great Nation of ours is placed. When we give assistance, at least there ought to be a minimum amount of gratitude for it. We are doing it in our own national interest, but it is also in their national interest.

As I view the situation in Egypt, Mr. Nasser is confronted with a very acute economic question. His playing with the Soviet Union does not deceive me or my colleagues. No matter how strong he might become militarily as a result of Communist aid in that field, his basic problem is an economic one. I think in his own mind he realizes he cannot rely on the Soviet Union, because even if they did give aid they would exact from him attributes of the sovereignty of his own country in addition to other exactions.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Iowa.

Mr. GROSS. What the gentleman is saying is that too many countries are playing both ends against the middle; that is, they are playing the United States off against Russia and Russia off against the United States.

Mr. McCORMACK. That in plain language is a fair statement and represents my state of mind.

Mr. GROSS. I would hope, then, with that commendable statement from the gentleman, that when the foreign handout authorization bill comes back from the Senate with a greatly increased amount of money, the gentleman will join some of us in sending it to conference with insistence upon the figures in the House bill.

Mr. McCORMACK. My remarks are addressed to those who are administering our foreign aid, asking them to realize that there has to be a reappraisal in the light of the policy of foreign aid and in the light of our rushing in to give greater aid and greater benefits, with the result that the Soviet Union gets the full credit in those countries and all we find is an anti-American atmosphere.

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentlewoman from Illinois.

Mrs. CHURCH. I should like to congratulate the majority leader on what I think is a splendid analysis of the situation. I hope he will not object to my reminding him that the gentleman from Virginia [Mr. HARRISON] and I have had resolutions introduced for some time to permit a reappraisal of our foreign-aid program. I mention this merely in the hope that the gentleman may see fit in his power and kindness to get those resolutions out for consideration.

Mr. McCORMACK. I am aware of those resolutions. If any action is taken toward the establishment of a commission, not to investigate but to survey our foreign commitments and actions in relation to mutual assistance, because I am sure no one would want an investigation, but rather a survey, I favor its being done on the legislative level rather than by a commission in the executive department. That is no reflection on the executive department. However, in a sense, such a commission would be investigating the very branch of Government that brought it into existence.

My voice is raised not as majority leader but as a Member of the House simply to show concern about the unfortunate position of our great country, that does not want one inch of land from another country. We are being placed in this position by the maneuverings of the representatives of the Soviet Union. Then our representatives try to outbid them. The Soviet Union is then permitted to retire gracefully without any commitment and say, "See what we have done for you? We forced the Americans to do it."

To me, that is humiliating and calls for some kind of clear thinking and affirmative action on our part by which we at least call the bluff of the Soviet Union.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SIKES, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 11040) to advance the scientific and professional research and development programs of the Departments of Defense, the Interior, and Commerce, to improve the management and administration of certain departmental activities, and for other purposes, pursuant to House Resolution 516, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is there a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

CREDIT FACILITIES TO FARMERS AND AMENDING BANKHEAD-JONES FARM TENANT ACT

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 11544, with Mr. MACHROWICZ in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from North Carolina [Mr. COOLEY] will be recognized for 30 minutes, and the gentleman from Kansas [Mr. HOPE] will be recognized for 30 minutes.

Mr. COOLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, the bill the committee brings to you today is an extension of the powers of the Farmers' Home Administration in several different respects. In the first place, I should mention that this extends the period for emergency loans from June 30, 1957, to June 30, 1959, and it increases the authorization for such emergency or disaster loans from $15 million to $65 million—an increase of $50 million for the next 3-year period. It is perfectly true that the new period of extension does not start until 1957, but the present money is used up. The Department has advised us on several occasions that we should proceed expeditiously to provide additional authorization. The other body has made provision in the form of a separate bill. We have included that provision in this general bill.

Along with this extension of time and in the amount of money that we have brought to the House, there are several changes in the scope of the activities. We have for the first time made provision for loans to part-time farmers. It has become more and more apparent every month that a large portion of the farmers of America simply cannot make a living on the farm. More than one-third of all the farmers in America today find that they secure a major portion of their income off the farm. By that I mean a very large share of the people who till the soil in America find it necessary to supplement the income they get from their farm by work performed off the farm. That may mean they are engaged in a business of some kind or it may mean, and ofttimes does mean, that they are employed in industry in

some adjoining community. But, in any event it means that the farms simply are not paying enough to make it possible for farm families to rear their families on the farms. In the past, the Farmers' Home Administration has been restricted in its loans so that it could make no loan to any farmer unless he received the major portion of his income from the farm operation.

That automatically eliminated about one-third of the farmers of America, and generally eliminated those with the smallest income. We have felt that we should not open the door by inviting people who are now employed in industry or in business in town to go into the country and become part-time farmers, and thereby further aggravate the situation. But we found that such a large portion of the people who live on the farm have been depending on a job to pay their living that it makes it impossible under present regulations to finance their operations. The farmer who may have let us say 15 or 20 or 50 acres somewhere out in the country, where he might have made a livelihood in the past, but who now has a position in town is ineligible for a FHA loan at this time, even though he still lives on the same farm. So we say in this bill that if a man during the past 10 years has in any one of those years depended on the operation of his farm for his livelihood, even though today he is making a large share of his living working in town, we will be able to make him an operative loan to carry on his farming operation. We will be able to make him a loan for improving his equipment, his housing, and other activities that are related to his farming activities; but we cannot make him a loan under this bill to carry on a grocery business in town; but we will make him a loan to carry on his farming activities and take as security those farmlands, farm tools, housing, and other facilities that he uses in connection with his farming activities.

We then provide in this bill for a refinancing of existing farmers who are on farms of not more than family size, if the farmers are presently unable to meet the payments and conditions of their outstanding indebtedness and are unable to refinance their debts with commercial banks. But we specifically provide that this can only be done when the creditors of such a farmer are, if necessary, willing to so scale down the total indebtedness that the man, when refinanced, will have security for the loan. In other words, we are saying that we are not going to refinance a man and still leave him owing more than his assets. If we did that sort of thing, all we would be doing would be bailing out the creditors. We would not be helping that man at all. But we are saying to those creditors, if a farmer is in such desperate condition because of a drought, crop failures, or low prices; if he is in such desperate condition that there is no way possible of being able to pay off his creditors, you get together, and if you will let the Farmers Home Administration take over the assets, take the liens, and scale down the debts, then we will let you step out, and we will carry the farmer. We think that is sound procedure. We think it is absolutely necessary procedure in a great many of the disaster areas.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield, certainly.

Mr. COOLEY. We have heard a lot of talk about the small farmers. I just want to suggest to the gentleman that it might be well for him to emphasize the fact that this agency deals only with small farmers, and that the provisions we are now presenting will be beneficial to the small farmers of America.

Mr. POAGE. Our chairman is exactly correct, as he always is. This agency, the Farmers Home Administration, deals only with what we call small farmers; the small family-size farmer, the farmer who cannot get commercial credit.

I know there are always questions asked about what is a family-sized farm. Let me answer it for you as best I can. A family-sized farm is a farm of whatever size is necessary to most efficiently use the labor and equipment of the family on the farm. That may well be vastly different in different sections of the country, depending on the type of agriculture, and it may be different for different farmers in the same neighborhood.

If the family group is capable of operating a farm of 50 acres with the employment of a minimum of outside labor, 50 acres is a family-sized farm for that family.

But maybe that family is growing tobacco, maybe they cannot efficiently handle more than 5 acres of tobacco or 2 acres without employing a large amount of outside labor. In such case 2 acres would be the family-sized farm for that family.

On the other hand, maybe a family is out in Colorado, where possibly the only way of making a living through farming is the operation of livestock. They may require two sections of land there or even more. Whatever it takes to efficiently use the resources of that family is what we consider a family-size farm.

We attempt in this bill to say that the United States Government is going to assist these families in continuing to stay on the farm. We say that "You have gone through hard times, you are still going through hard times, so it may be necessary to extend the period of your pay-out"; so we provide in this bill that there is an extension of the period.

The present law provides that none of these loans can be extended beyond 7 years, and I feel that that was probably a sound provision. I do not think that it is fair to any farmer or other individual to give him credit over a lifetime without any possibility of ever paying it out. So we provided a limit of 7 years. But in this bill we have said that if the farmer lived in a disaster area which has been certified by the Secretary of Agriculture as a disaster area, and if he has a sound reason for not having met his payments; if, in other words, in the eyes of the Secretary of Agriculture he is a meritorious case and is in a disaster area, the Secretary can extend his loans by the same number of years that he has been in the disaster area. In other words, if he has had only 1 year of disaster, then he may have an 8-year period; or if he has lived in a disaster area—and I know of some who have lived 5 long years, then he may add 5 to that time and he may have a 12-year payout.

We have also added in this bill to the amount that can be loaned. We have increased from $7,000 to $9,000 the maximum amount of original loans for operating purposes, and we have increased from $10,000 to $15,000 the indebtedness that the borrowers can owe at any one time.

Remember, the limits in the present law were based on values of about the year 1947. At that time $7,000 would buy a whole lot more equipment, would support a much larger operation than $9,000 will today. So we are actually squeezing down rather than extending the size of the operations these people can carry on. But we have said that we are not going to try to hold strictly to the 1947 purchasing power of the dollar.

I believe there is about one more thing in this bill that is deserving of attention. I hope you will understand it. We have provided here for the settlement of certain uncollectible debts. Our record in regard to the collection of these debts has been very excellent, far better than almost anyone would dare predict that it might possibly be. We have charged off less than 1 percent. But of course we have had 5 years of terrible searing drought in large parts of this country. We have had 3 years of terrifically low prices in this country and obviously some people are not able to pay out. Some of these loans were made purely upon the crop, but no crop was grown. Sometimes we took a mortgage on household chattels, the dishes, the wash pot, the cooking stove, and that sort of thing.

The Attorney General came before us and told us that it cost an average of $150 to collect one of these debts. He will not take them, I am told, unless they amount to $200. We felt it was ridiculous to spend that amount of money in an effort to collect a lesser amount, so we have authorized the Secretary of Agriculture to compromise and to write off indebtedness of less than $150 where he certifies there is no possibility of collection and there is a meritorious reason for releasing the debtor. We think that is sound. It is true that the former limit was only $10, but the Government has been losing money in trying to collect something that we could not collect. Such efforts have accomplished nothing except to cost the taxpayers money. We believe this is the businesslike procedure and is what every big business in the United States does.

Mr. Chairman, I believe that covers the major aspects of this bill. I want to point out that the gentleman from Maine [Mr. McINTIRE] has probably a better knowledge of all of the details of this matter of credit than almost any member of our committee and I know he will cover any details I have omitted.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. McINTIRE].

(Mr. McINTIRE asked and was given permission to revise and extend his remarks.)

Mr. McINTIRE. Mr. Chairman, the chairman of the subcommittee of the House Committee on Agriculture dealing with agricultural credit, the gentleman from Texas [Mr. POAGE] has given you a good explanation of this bill. I would like to point out that this subcommittee had before it two major pieces of legislation relative to agricultural credit in this session. One has already been reported to the House and passed by the House. That bill dealt with establishing the legislative basis upon which units of the Farm Credit Administration could retire from their capital structure the capital subscribed in to them by the Federal Government. In that legislation we did not change the lending authority particularly of those units, but simply provided for a basis of retiring their capital.

In the bill which is before the Committee today we are changing substantially the lending authority of the Farmers' Home Administration. These two substantial portions of the extension of authority have already been touched upon by the gentleman from Texas [Mr. POAGE] and they deal primarily with authorizing the lending to part-time farmers, both in the area of the refinancing of existing indebtedness and also in the area of operating loans.

In this bill there is new authorization because existing legislation does not permit the Farmers' Home Administration to function in this particular field.

The second major provision of this bill deals with an authorization to the Farmers' Home Administration to refinance the debt structure of a farmer when the debt is not related to that of refinancing any other function like the acquiring of additional land or the improving of buildings or something of that nature, which functions are already authorized in existing legislation.

I would like to point out to you that under the leadership of the chairman of this subcommittee we have dealt with approximately 25 bills presented to the committee by various Members of the House. We have tried to take from all of these bills that were presented to and referred to the subcommittee some of those provisions and bring them together in the bill before you today.

Now, in considering these various measures set forth in these various bills we have not gone the full limit, as the gentleman from Texas [Mr. POAGE] has indicated, that was set forth in the bills as introduced. We have attempted to put up some limitations, you might say, which we think, and are quite certain, will be helpful to the Farmers' Home Administration in administering the provisions of the bill. We have not gone the full limit of some of the extensions of authority which were contained in some of those bills. But, out of this consideration we do believe we have before you today a bill which will meet the needs of many farm people. We do feel that in this field of part-time farm operators there is a need for lending for agricultural purposes. We have tried to hedge the eligibility of those farmers so that we are dealing with bona fide farm people. We have tried to make sure that we are dealing with folk who know how to operate a farm, and we are certain that we have laid down provisions which will mean that the ability of these farmers and the farm unit itself will be such that they can constructively be served, and we also believe that these limitations we have laid down will permit sound loans to be made and that the Government's interest in these loans is fully protected.

I would like to touch for a moment on this field of refinancing existing indebtedness. I think it might be said that this closes perhaps the one remaining gap in the whole field of agricultural credit and authorizes the Farmers' Home Administration to deal wtih about every conceivable credit problem which might exist at the farm level. It is about the only field in which they have not had authorization previous to this time. They have existing authority under title I of this act to assist a farmer in rounding out an economic unit, acquiring more land, or improving buildings and to refinance outstanding indebtedness which might exist in relation to that operation if it seemed a constructive thing to do. However, they have not had authority up to this time to loan for the direct purpose of refinancing existing indebtedness without incorporating into that lending some additional feature like new land or improvement of buildings. This legislation closes that gap and will permit the Farmers' Home Administration to make, on a long-term basis, loans which have for their primary purpose the consolidation of indebtedness in instances where the indebtedness structure is such that consolidation is constructive in the more efficient management of the farm operation.

That, to me, is a major step, and I want to emphasize it, because it will do what a number of Members indicated they felt should be done in this field of agricultural credit. The bill extends the lending base and an authorization for lending over and above what is permissible under the law in relation to land-bank loans which can, of course, be used for refinancing indebtedness and taking as security a real-estate mortgage.

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. McINTIRE. I yield to the gentleman from Washington.

Mr. HORAN. I am very happy to see on page 2 of the report some mention made of long-term loans to orchardists. As we all know, when trees are planted, it takes about 8 years for them to produce. I wonder if the gentleman could comment on the wording on page 2 of the report.

Mr. McINTIRE. I would be very happy to, because the committee had this matter under consideration since interest had been expressed by Members of the House by bills introduced relative to the problem in areas where disasters had occurred, and this relates particularly to orchard loans, that in lending for the reestablishment of their orchards the time of repayment was not designed on the ability to repay from the reestablished portions of the orchard. Administratively I believe the Farmers' Home Administration has been extending this repayment period for perhaps up to the second crop and from that time on payments would be required. It was the opinion of the committee that authority rested in existing legislation to extend the repayment period. So we placed in this report the section to which the gentleman from Washington [Mr. HORAN] referred, on page 2. It says:

> Consequently, if the purpose of the loan is to reestablish an orchard destroyed by the disaster and repayment is to be expected solely from the production of the orchard, the first repayment installment should be deferred until the income is expected from the reestablished orchard.

I am sure that it was the intent in our committee that this type of loan shall have established a repayment schedule which will fit the ability of that orchard to repay the loan rather than to have it short of the repayment ability of the reestablished orchard.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. McINTIRE. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, I should like to state a situation and get the gentleman's views on it, knowing he is an expert in this field.

In my area we have had considerable drought over a period of years. By reason of irrigation, many farmers have done reasonably well; but the impact of a drought over so long a period of time on the dry-land farmer has been considerable on the farmer, the bank, and on the hardware dealer, the implement dealer, and others.

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. HOPE. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. MAHON. Some of my banker friends in certain areas feel, and I agree with them, that the FHA has not gone far enough in refinancing people who have been put in such desperate straits by the prolonged drought. The FHA apparently has been afraid that it would be accused of bailing out the banks and officials of the FHA seem to think that that would be unpopular. I think that sort of thing might be overdone; but the bank is an important institution in a community and it is not improper to help a farmer just because the banker and merchant are likewise helped.

My question is this: Under this bill, H. R. 11544, can the administrators of FHA do a better job in helping coordinate a man's indebtedness, helping him to meet his banking obligations and his obligations to other creditors and getting himself in a position where he can work himself out of the dilemma in which he finds himself by reason of abnormal weather conditions or other conditions which have militated against him for a period of years?

Mr. McINTIRE. Mr. Chairman, I think I can answer that very frankly and say that in my opinion this will accomplish that objective. There are, of course, various disaster-type loans, but we shall not go into all of the criteria relative to those. But this proposed legislation will permit the Farmers' Home Administration to go in and refinance outstanding indebtedness, either on a

direct-loan basis or an insured-loan basis and permit a consolidation of indebtedness, taking as collateral security a real-estate or personal-property mortgage, whichever seems to be wise.

I think the answer is that this will do an effective job in that field. They have not had the authority up to this time.

Mr. Chairman, it is my opinion that this legislation will fulfill, in part, the administration's objective of effectively developing our rural resources, particularly in areas of small family-size farms, by providing a better agriculture credit base.

The CHAIRMAN. The time of the gentleman from Maine [Mr. McINTIRE] has expired.

Mr. COOLEY. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS of Arkansas. Mr. Chairman, I am reluctant to take any of the time of the committee, but I do wish to direct a question to the gentleman from Texas [Mr. POAGE], who has rendered such an excellent public service in connection with this bill.

I have listened with great interest to what he has had to say and also to the remarks of the gentleman from Maine [Mr. McINTIRE] who has given us such an enlightening statement.

The gentleman from Texas will recall that in 1937, when the Bankhead-Jones Act was adopted, I was a member of the legal staff of the Department of Agriculture and took a great deal of interest in the problems covered by this legislation.

I remember sitting in the gallery the afternoon that the beloved Will Bankhead came into the well for one of his infrequent speeches to plead for the passage of that bill. I recall the contribution that was made by the gentleman from Texas, the gentleman from North Carolina [Mr. COOLEY], the gentleman from Kansas [Mr. HOPE], the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], the gentleman from Minnesota [Mr. H. CARL ANDERSEN], as well as the other senior members of the Committee on Agriculture on that occasion and subsequently.

We know that some mistakes were made in the early days of the Farm Security Administration in administering the act. I have been happy to see the improvements that have enabled us to profit by the experience of that agency.

One of the things that has distressed me however has been the loss of a sort of crusading spirit, that sense of serving the people who need help at the hands of their Federal Government. But it was true of the Extension Service that at one stage its spirit seemed to lag. It was history repeating itself as economic problems tended to diminish. I would like to ask if the gentleman agrees that while we might not require a crusading spirit there must be something of the sense of idealism in human service if this program is to be made the vital program for the benefit of the Nation that it ought to be.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Texas.

Mr. POAGE. I think the gentleman's statement should cause me to point out to the House that not only did he take an interest in this program when he sat in the gallery in 1937 but he has taken a deep and very helpful interest in the Farmers' Home program ever since he has been a Member of this House, and that has been a good many years. He has been one of the most helpful Members in trying to maintain that spirit of which he speaks.

The committee had in mind exactly the thing the gentleman is suggesting when we wrote this bill. We recognized, as I tried to point out a while ago, that one-third of the farmers of America are presently cut off from the benefits of the Farmers' Home Administration because they are dependent upon outside sources of income for their livelihood. We recognize that there has been a change in agriculture, and that if we are to continue this program as one of service to the less wealthy groups of farmers we have to make some change in our program. We have tried to make it in this bill.

I believe you will observe that every change in this bill is intended to make the legislation of greater service to more of the small family-sized farms of America than it has been in the past. I think the gentleman from Maine [Mr. McINTIRE] put his finger on it when he said we were closing up a number of the gaps that had heretofore existed. We see an evil and we try to correct it. We see another evil and we try to correct it. We have tried in this bill to close many of those gaps in the needed credit structure for the family-sized farms.

Mr. HAYS of Arkansas. I appreciate very much what the gentleman has said in response to my question. I also appreciate what he said about me. I hope he will leave those remarks in the RECORD.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Texas.

Mr. MAHON. I commend the gentleman from Arkansas for bringing out in such a clear way the point that in last few years some of the heart has gone out of the FHA and because of that agriculture has suffered. I am not discounting, of course, the good work that has been done. I hope the passage of this bill and these remarks on the floor of the House today will tend to invigorate the administrators of this program, causing them to make a more aggressive approach to the problem. Regardless of this act, it will not succeed unless there is a disposition down in the Department and out in the field to do the job of helping worthy people who are in need.

Mr. HAYS of Arkansas. I appreciate that very much. I think these are wholesome signs we have of a bipartisan legislative effort to encourage it.

I remember back in the old days when this program was being carried on to help family-sized farms there was a little school out in a rural section that had only 20 pupils. The teacher asked, "Who is the President of the United States?" Nobody answered. She said, "Doesn't anybody know the name of our President?" Finally one little fellow held up his hand and said, "Miss Myrtle, I don't know the name of our President, but Mr. Hanna is our Farm Security Supervisor." It was his tie to the Federal Government.

We all know, Mr. Chairman, of the threat to the family-sized farm. There are many evidences of concern over this trend and this bill embodies constructive ideas to arrest it. The Appropriations Subcommittee headed by the gentleman from Mississippi [Mr. WHITTEN] has also assumed leadership in the movement, particularly in stressing the value of supervision of certain activities where this type of credit is supplied. Such supervision is not resented; it is welcomed, and is the key to the success of the program.

Another indication of interest is in the discussions in the Banking and Currency Committee pertaining to the problems of underemployment in certain rural areas. The problem of low incomes in these areas must be attacked on many fronts. I am glad that this particular piece of legislation is being advanced today as one method of dealing with a major problem.

Mr. HOPE. Mr. Chairman, I yield 18 minutes to the gentleman from Colorado [Mr. HILL].

(Mr. HILL asked and was given permission to revise and extend his remarks.)

Mr. HILL. Mr. Chairman, on March 8, 1956, I introduced in the House as did Congressmen HOPE, HOSMER, AUGUST H. ANDRESEN, H. CARL ANDERSEN, and perhaps others, H. R. 9843, a bill which would provide for expanding farm credit through the Farmers' Home Administration.

Since this program was originally set up under the Bankhead-Jones Farm Tenant Act under title I and title II, the bill I introduced, H. R. 9843, was a bill to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

When the Committee on Agriculture considered this legislation, we held extensive hearings and the Department of Agriculture testified in detail as to the changes they wished to have made through H. R. 9843.

In order to bring to the House a bill that would include the changes that were made by the committee, a new bill was introduced which bears the name of our chairman [Mr. COOLEY] and is H. R. 11544.

The committee report was presented to the House on June 4, 1956.

While the changes are considerable, and the legal matter rather complex, the changes are not as full and complete as I had hoped we could make them, nor do they satisfy the Department in all the changes proposed in this legislation. In many cases they do not go far enough nor do they provide the FHA with the flexibility of operations especially necessary in drought or flood areas, or where other calamities have occurred.

I feel certain H. R. 9843 would have been better agricultural legislation but bow to the will of the majority of our subcommittee which handled this matter, and since the Committee on Agricul-

ture reported the bill out unanimously, I support the measure and hope in the end the other body will make some additional changes which our committee seemed reluctant to make.

In discussing this matter I call the attention of the House to four suggestions made by President Eisenhower early in the 84th Congress.

In his message of April 27, 1955, he suggested:

First. That FHA be given authority to make loans to part-time farmers. This is being done in the bill I introduced and is also a part of H. R. 11544 that we are now considering. My own feeling is, and was, that this should have been considered and passed by the Congress during the early part of last year.

The second request made by the President in early 1955 was that money in addition to the regular budget be provided for extensive research—soil conservation, farm loans, and related services. This legislation, of course, would have required an appropriation, but no action was considered and nothing was done.

The third thing the President suggested in the message to the Congress in April 1955 was that funds should be provided for pilot programs to be conducted to secure information to aid the low-income group or type of farm. Here considerable data should be collected before outlining a definite program for such projects. We need this information, and here again this program should have been on its way over a year ago.

Finally, the fourth suggestion made by the President in his message to the Congress in 1955 was the authorization of $30 million for the Farmers' Home Administration to be used in the operation of disaster programs throughout the entire United States, whether it was from a flood on the east coast, hail or cyclones in the Mississippi-Missouri Valley, or from freezes destroying fruit in the fruit areas. In other words, a general appropriation for disaster use in farm communities.

The major changes in H. R. 11544 are given on page 2 of our committee report, and I quote:

MAJOR PROVISIONS

(1) Authorizes the refinancing of existing indebtedness of eligible farmers on farms of not more than family size if the borrowers are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. The bill authorizes FHA to accept a second mortgage for direct loans for this purpose, but not for insured loans.

(2) Authorizes FHA to make loans, for the first time, to part-time farmers. Loans authorized include those for real-estate improvement and development and loans for operating expenses. To be eligible, a borrower would have to be a bona fide farmer who has depended on agriculture for his livelihood for at least 1 year out of the most recent 10 and who is conducting a substantial farming operation at the time the loan is made. Such loans may also be made for refinancing but not for the acquisition of such a farm unit.

(3) The bill extends from June 30, 1957, to June 30, 1959, the authority to make economic-emergency loans under Public Law 727, 83d Congress, and increases from 15 to 65 million dollars the amount of money from the loan revolving fund which may be used for such loans.

(4) Increases from $7,000 to $9,000 the maximum amount of an initial loan for operating purposes and from $10,000 to $15,000 the total indebtedness for such loans a borrower may have outstanding at any one time.

(5) Authorizes the Secretary to extend the repayment period of regular operative loans to farmers in disaster areas by the number of years the area has been classified as a disaster area.

The report explains fully in the analysis of the bill the changes in section (1) real-estate loans; section (2) operating loans; section (3) general provisions; and section (4) economic emergency loans. Since these are given in detail in the report, I will not take the time of the House to discuss the analysis.

A great Secretary of Agriculture, William M. Jardine, Secretary of Agriculture from 1925 to 1929, said, and I quote:

Could a farmer of the Pharaoh's time have been suddenly reincarnated and set down in our grandfathers' wheat fields, he could have picked up the grain cradle and could have gone to work with a familiar tool at a familiar job. And then, within the space of 20 years, the methods of crop production underwent greater changes than they had in the previous 5,000 years. At one stride, we covered ground where 50 centuries had left almost no mark.

True as the above quotation is—a statement made in the late twenties—should a statement of the same purport be made today, in this era of technilogical and scientific advancement, it would be more unusual and striking.

Assistant Secretary Earl Butz of the Department of Agriculture says that agriculture has made more progress since 1855, in the last 100 years, than in all recorded history. So, using a clock as an indicator, more would have been accomplished in the progress of agriculture the last 15 minutes than was accomplished in the previous 11 hours and 45 minutes.

Now carrying this allegory to our farmers, they would be turning out more products in 15 minutes, at the present time, than they would turn out in 11 hours and 45 minutes prior to 1855.

It seems to me that much of our legislative programs for our farmers is still operating in the Dark Ages.

Since the late 1920's, the average cost of modern farm equipment for an individual farm has changed from an average of $10,000 to $40,000. It took four times as much to provide the equipment for a farm in 1955 than it did in 1930, yet we hesitate to liberalize our agricultural financial legislation to meet modern production progress.

In early colonial days in the United States, 85 percent of our population lived on the farm and were kept busy producing food for the population. Today 12 to 15 percent of our population live on producing farms and we have a 4 to 6 percent surplus of farm products classed as over production or surpluses.

How has such a tremendous production come about? Undoubtedly much of it is due to the fact that each farmer has ready to use, 33 horsepower in the form of electrical equipment, tractors, or other power farming equipment. Compare this to the twenties when each farmer had 5.3 horsepower or to the 1870's when he had 1.6.

When farm tractors became equipped with built-in power takeoffs, this opened an entirely new type of farm equipment, such as cornpickers, balers, combines, sprayers, and so forth. When tractors became equipped with rubber tires, another great change in the course of agricultural production was instituted. The horse as a farm work animal was ready for extinction. The numbers decreased in 1924 from 23,285,000 to a little over 7 million by 1950.

With tractors equipped from the factory with power lifts, power takeoff, and rubber tires it was only a step further to the use of rear-engine tractor tool bar implements. The revolution of farm equipment had been completed and the number of tractors increased from 920,000 in 1930 to more than 4 million by 1950.

An agricultural statistician has stated that with the advent of the tractor the production of farmers in America in 1944 was enough greater than the average of 1930–39 to feed an additional 50 million people.

In 1930—USDA figures—man-hours to produce an acre of wheat was 5.77. In 1949, in the Great Plains area, it had been reduced to 1.82 hours per acre.

In 1930, in the Corn Belt area, hours per acre to produce a corn crop was 6.9. In 1949, the State of Iowa average was 3.88.

The 1925–29 average to produce an acre of cotton was 9.6 hours. In 1949, in the Texas high plains, 6.5 hours.

Let us take a look at what has been going on in legislation during the same time that we have been making such revolutionary progress in production. The basic Agricultural Act, which specifies that the basic crops are cotton, wheat, corn, rice, tobacco, and peanuts, was passed in 1938, about the same time that agricultural types of farm equipment came into common use. And during World War II, with 20 percent less help on the average farm, the output of American agriculture was able to increase its production over 35 percent.

As we increased our production during the war, and continued to produce at a high rate in the years immediately following the war, we found ourselves with not only an outmoded basic Agricultural Act on our hands, but basic crops filling up all available storage space at a cost of over $1 million a day.

With the present understanding of our farm production and its possibilities, it is time, and indeed it is past time, that this Congress should take a look at our agricultural legislation, and it seems to me that we should immediately move toward a nonpartisan study designed to recodify present agriculture legislation and recommend a new type and kind of farm program that will bring into control and direction, not only basic crops as provided in the 1938 act, but bring into a complete, united, and integrated agri-

cultural program all of our food and fiber production.

We should devise a program that will give direction to the progress new research and technological improvements are daily making in the field of scientific farming.

Such a program should strive to eliminate surpluses by finding and encouraging new uses for old crops so that surpluses will no longer plague our most basic industry.

And while doing this, we should not delay the promotion of our soil bank program in which we should not only provide for acreage reserve but a type and kind of conservation reserve to control and develop, conserve, and preserve the top soil for the benefit of generations yet to come.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Indiana.

Mr. HARVEY. Mr. Chairman, I want to thank the gentleman and compliment him on the statement he is making. I wanted to make this observation particularly with regard to part-time farmers, because it has come to be a great factor in modern agriculture. In my own State in particular, I notice a report by the Indiana Business Review, earlier this year, in which it is said that 42 percent of the farmers of Indiana had substantial off-farm employment. This indicates that the farmer of 20 or 30 years ago who was a full-time family farmer, is not today. Many of these people are working in the nearby factories, and also carrying on their farm activities at the same time. In many instances they are just as good repayment risks as those who are full-time farmers. I think the recognition given to this development in agriculture is a commendable one, and I thank the gentleman.

Mr. HILL. I thank the gentleman for his contribution.

Mr. HOPE. Mr. Chairman, I yield 3½ minutes to the gentleman from Utah [Mr. DIXON].

(Mr. DIXON asked and was given permission to revise and extend his remarks.)

Mr. DIXON. Mr. Chairman, as one of the number of Members who introduced somewhat similar measures I am today, of course, very much in support of the bill before us. I congratulate our subcommittee on the fine work it has done on this report, and its chairman, the gentleman from Texas [Mr. POAGE], also the gentleman from Maine [Mr. MCINTIRE], for his effective work. I think he is an expert on farm credit matters.

The purpose of this bill is to liberalize farm credit. If this act is accepted and passed I am convinced that it will be an unmitigated blessing to our farmers. It is a measure which in principle has been supported by our President, by our Department of Agriculture, and by our Secretary of Agriculture, who said in a recent speech:

> When disaster strikes agricultural credit is urgently needed. If there is real distress farmers often cannot meet the standards of commercial credit; collateral is insufficient, terms needed for repayment are too long; and administrative costs are too great. It is in the interest of these farmers and the Nation's interest to help them get onto their feet. These farmers are good credit risks. I want to emphasize that, they are good credit risks, if the lender can afford to wait. Our Farmers' Home loan organization advanced many substantial loans to farmers who could not meet the standards of commercial credit, but their record of 9 years of operation is a 93-percent payout.

The major provisions to liberalize the farm credit law are as follows:

First. For the first time to give these ownership loans to all eligible applicants.

Second. To extend credit to part-time farmers.

Third. It would increase the funds authorized from $100 million to $125 million.

Fourth. It would authorize loans solely for refinancing where farmers are not able to get refinancing through private agencies.

Fifth. It would increase from seven to nine million dollars the maximum amount of initial loans and from ten to fifteen million dollars the total outstanding indebtedness.

Sixth. It would permit the Secretary to extend the repayment period to farmers in disaster areas. That is needed very much at the present time.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. DIXON. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. The gentleman from Utah was one of those who originally introduced companion bills to those of mine which had to do with these subjects and out of which has grown this proposed legislation. The gentleman exhibited his interest at that time. He has just mentioned the question of extending the term of repayment. While I am in agreement with the bulk of what is in this bill—I think it will do a lot of good—I feel personally very much disappointed that the extensions do not apply nationwide, may I say to the gentleman.

In other words, John Jones who just the other day in my community had 10 inches of rain dumped upon him and lost part or all of his crop, because he is not in a designated disaster area there is no way under this bill by which he can get an extension because that particular area does not come under the provisions of exceptions as outlined in the bill.

I cite local conditions in my district in Minnesota, but the same thing would apply to a farmer anywhere in the United States if his farm did not happen to be located in a so-called disaster area. I hate to think, and I believe the gentleman will agree, that we in the Congress would write general farm credit legislation and say in it that one of the important benefits would not be available to a farmer—regardless of his individual circumstances—unless he happened to have his farm located in a general disaster area.

As I have said many times before, I do not like sectionalism in national legislation. I want to see all farmers treated alike regardless of the section of our great land in which they live. That is the fundamental principle of our Republic and it should guide us in all legislation.

Personally, I do not believe that it is possible for us, in the brief interval we have for the consideration of such far-reaching legislation, to delineate either areas of need or areas of eligibility for benefits. That being the case, it is much to be preferred that the Congress make desirable benefits available on a general basis and leave something to the discretion of the administrative agencies in the way of determining who can be helped by our action. The county committees, the county supervisors, and the entire staff of the Farmers' Home Administration are in a far better position to make such determinations than is the Congress.

The excellent repayment record of the Farmers' Home Administration loan program, as the gentleman so well knows, is the best possible evidence of the integrity of the entire operation. I believe action by the Congress in making these extensions available on a national basis is fully justified in light of past experience. I do not believe any unnecessary extensions would be granted, and I believe the results would be beneficial to everyone concerned.

Mr. DIXON. Mr. Chairman, agriculture, in spite of somewhat low prices and declining farm income of the last few years, basically is in a relatively sound condition. For example, the present market value of total farm assets is nearly $163 billion. This is only $3 billion less than the total of all farm assets in the peak year of 1955. Compared with total farm assets of $163 billion, total debt obligations of all farms is only 11 percent of the total assets, about $18 billion.

Also, only 3 out of every 10 farmers have mortgage debt obligations, and over one-half of all farms mortgaged are mortgaged for less than 30 percent of their market value. In 1955, according to the administrative office of the Federal court system, only 336 bankruptcies for the last 5 years have comprised less than 1 percent of the annual number of such proceedings. I believe these facts indicate the basically sound financial position of American agriculture.

However, certain storm warning signals are beginning to appear which make it prudent for us to consider legislation at this time to help good farmers who cannot obtain credit from private or cooperative sources. In 1955, farm owners borrowed $2.4 billion on farm mortgage security. This was 26 percent more than in 1954, and represented 19,000 more mortgages than were made in that year, also. Farmers in 1955 borrowed $483 million from the Federal land bank system and their 1,100 local farm loan associations. This was an increase of 59 percent in the amount of such loans over 1954. Also, $338 million of this money loaned in 1955 was new money borrowed—a 50-percent increase.

During the first 10 months of 1955, 498 production credit associations lent their farmer members some $1.1 billion. As you know, these associations lend funds obtained from investors in obli-

gations held by the Federal intermediate credit banks.

You can see, therefore, that even those farmers who have adequate collateral and satisfactory credit ratings are beginning to borrow in increasing amounts and at an increased rate. The Farmers' Home Administration of the Department of Agriculture, on the other hand, has had the difficult responsibility of extending credit to good farmers who for various reasons simply cannot meet the standards set by commercial credit institutions, including the local loan and production credit associations I just referred to. The cost-price squeeze that farmers have been experiencing since 1951 has had the greatest effect upon farmers who find themselves in this unenviable position. But as Secretary Benson said at his address of last October 15, before the National Association of Mutual Credit Companies at St. Louis, Mo.:

When disaster strikes in agriculture, credit is urgently needed. If there is real distress, farmers often cannot meet the standards of commercial credit. Collateral is insufficient, terms needed for repayment are too long, and administrative costs are too great. It is in the interest of these farmers—and the Nation's interest—to help them get onto their feet. These farmers are good credit risks if the lender can afford to wait. Our Farmers' Home Administration makes substantial loans to farmers who cannot meet the standards of commercial credit. Their records of 9 years of operation show 93 percent of the principal repaid.

So you see, FHA borrowers, as they are called, in general are good farmers and they are good credit risks, provided they are given adequate repayment conditions commensurate with their ability to repay. But many FHA borrowers throughout the country are having extreme difficulty meeting their present obligations. Many other would-be FHA borrowers, especially among the younger farmers, are not going to stay in agriculture unless they can obtain FHA loans on more liberal terms than the Farmers' Home Administration has authority to make at the present time. With these farmers in particular experiencing a great intensive negative effect due to the cost-price squeeze, it is essential that the terms of FHA loans be more readily adapted to meet their needs. Especially is this true in drought disaster areas such as those which were designated last year and those this year in Utah.

Mr. Chairman, H. R. 11544 would extend the lending authority of the Farmers' Home Administration with respect to real estate or farm ownership loans made under title I of the Bankhead-Jones Farm Tenant Act and title II relating to production and subsistence loans of the same act, as amended.

With real estate values on the rise since mid-1954, it is becoming more difficult for the owners and operators of small full- and part-time family farms to obtain credit to enlarge their farms through land purchases. In this respect, it should be noted that land prices have advanced more since 1947–49 than most other groups of commodities. The latest USDA reports indicate that as of November 1, 1955, values increased 2 to 4 percent in 31 States during the preceding 4 months' period alone. Likewise, with the costs of building materials and so forth, on the increase, many of these farmers cannot build and maintain suitable family living quarters and other farm buildings which are necessary to a happy and successful farm operation.

The basic provisions of the bill are as follows:

First. Section 1 (a) would make farm ownership loans for improvements, including housing and other farm buildings, to all eligible applicants rather than just existing borrowers who obtained loans initially for the purpose of acquiring, repairing or improving family-size farms.

Second. Section 1 makes farm ownership loans to farm owners of not larger than efficient family-type farms, who receive a substantial portion of their incomes from farming. Heretofore, loans under title I have been limited to veterans, farm tenants, laborers, sharecroppers and others who obtain the major part of their income from farming operations.

Third. Section 1 would authorize such loans for the repair and improvement on those farms which at present are less than family-type units which constitute the residence of the owner-operator, if the income from outside sources, plus income from the farm will warrant the making of such loans. Heretofore, farm ownership loans were limited to full-time family-type farms of sufficient size "to constitute an efficient family-type farm-management unit."

Fourth. Section 1 (d) establishes as the maximum amount of a farm ownership loan, the fair and reasonable value based on the normal market value of those farms constituting less than family-type units. For a unit that is less than a full-time farming operation, factors other than the earning capacity of the farm generally influence its value.

Loans on full-time family-type farms continue to be based on the earning capacity of the farm. Loans will still be limited to not to exceed the fair and reasonable value of the farm less any prior lien indebtedness.

Section 1 (e) would also authorize the Farmers' Home Administration to increase from $100 million to $125 million the aggregate amount of mortgages on farm-ownership loans which may be secured in any 1 fiscal year. Section 1 (h) would authorize the Farmers' Home Administration to make and insure loans solely for refinancing existing indebtedness of farm owners of farms not larger than family size, who qualify for farm-ownership loans—housing and other farm buildings as well as real estate—under the expanded authority of section 1 of the bill. This subsection authorizes the appropriation of $50 million of the $125 million ceiling for this purpose.

This bill also amend title II of the Bankhead-Jones Farm Tenant Act, as amended, as follows:

First, section 2 changes the title of title II of the act from "Production and Subsistence Loans" to "Operating Loans."

Second, it amend section 21 (a) so as to limit operating loans for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and so forth, to farmers and stockmen who are citizens of the United States and who are:

(a) Operators of full-time family-type farms.

(b) Operators of part-time family-type units who during 1 or more of the last 10 years depended upon farm income for their livelihood, and who are conducting substantial farming operations if the farm unit is of sufficient size to produce income, which together with the income from other sources, will enable them to meet living and operating expenses and the amounts due on their lands.

This change is designed to provide credit to low-income and part-time farms and in that respect to implement the rural-development program now being developed in 50 pilot counties throughout the country.

Third, section 21 (b) of the present act would be amended to provide for a limit of $15,000 on the total outstanding principle indebtedness including accrued interest, taxes, and so forth, of operating loan borrowers. Initial loans may be made also in an amount not to exceed $9,000.

H. R. 11544 will, in my opinion, provide more liberalized and badly needed credit for farmers who cannot obtain such credit from private lending institutions for various reasons. Mr. Chairman, merely because many of our farmers cannot obtain credit from private lending institutions does not mean they are not good credit risks.

This is borne out by a March 29 reply I received from Mr. Robert B. McLeaish, Administrator, Farmers' Home Administration, to a letter of mine written March 26. The purpose of my letter was to obtain answers to certain questions concerning the extent of FHA activities in Utah, and the repayment record of Utah FHA borrowers. The letter enumerates the questions and provides the answers in concise form, as follows:

1. What percentage of Utah farmers are getting their credit from the Farmers' Home Administration.

We have been unable to secure statistics which would accurately represent the percentage of Utah farmers who are getting their real estate and farm operating loan credit from the Farmers' Home Administration. In the past, when this question has arisen, we used as a basis the percentage of outstanding farm indebtedness owed to the Farmers' Home Administration as compared to all principal lenders. We believe this would be a fair method of appraising the participation of Utah farmers in the loan programs of the Farmers' Home Administration.

(a) Real estate loans: As of January 1, 1955, the Farmers' Home Administration held 7.2 percent of the entire farm mortgage debt outstanding. This percentage includes, as a part of the Farmers' Home Administration held indebtedness, the insured farm ownership loans under title I of the Bankhead-Jones Farm Tenant Act, even though funds for these loans are actually advanced by private lenders. The percentage of farm mortgage debt held by the Farmers' Home Administration, calculated on the basis of insured loans being held by other lenders, was 6.7 percent on January 1, 1955.

(b) Farm operating and subsistence loans: On July 1, 1955, the Farmers' Home Administration held 11.9 percent of the total operating loan indebtedness of Utah farmers. This percentage is based on the total indebtedness of principal lenders in the operating loan field, not including loans held by individuals, dealers, merchants, finance corporations, marketing agencies, similar lenders.

2. What has been the rate of repayment by Utah FHA borrowers.

As of March 31, 1955, borrowers owing farm ownership loan balances under title I of the act had paid 95 percent of the cumulative amount that had fallen due on their loans. As of June 30, 1955, borrowers who had received production and subsistence loans from the inception of the program had paid an average of 94 percent of the principal amount that had fallen due on their loans. The percentages for both of these programs are averages as of the particular dates for all borrowers, taking into account prepayments by some borrowers as well as delinquencies of others.

3. What percentage of delinquency has existed in the last few years.

The following table shows the percentage of delinquency of the borrowers owing balances at the dates indicated for the two loan programs:

Percentage of dollar delinquency

	United States total	*Utah*
Farm ownership loans:		
Mar. 31, 1952	5	10
Mar. 31, 1953	5	11
Mar. 31, 1954	5	12
Mar. 31, 1955	5	11
Production and subsistence loans:		
June 30, 1952	26	20
June 30, 1953	25	23
June 30, 1954	26	22
June 30, 1955	27	23

Mr. Chairman, the Subcommittee on Credit of the Agriculture Committee held extensive hearings on this bill. Its members labored long and hard to put together a workable bill comprising suggestions from many sources. Likewise; the full committee gave considerable attention to the bill. I urge its speedy passage by the House.

The CHAIRMAN. The time of the gentleman from Utah has expired.

Mr. COOLEY. Mr. Chairman, I yield myself 1 minute just to say that I want to congratulate the subcommittee on the bill that has been prepared and presented here today and to say that in my opinion the bill will be very beneficial to our small farmers. The bill was unanimously reported by the House Committee on Agriculture, it has the support of the Department of Agriculture, and I hope it will pass without opposition.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. JOHNSON].

Mr. JOHNSON of Wisconsin. Mr. Chairman, I attended the hearings held on this legislation before the House Agriculture Committee. I feel that this legislation is very beneficial to the small family type farmers of our country and also to the young veterans who are just beginning their farming operations. This bill, in part, should help in the credit situation. When the Wisconsin bankers made their annual trip to Washington, one of the members told me and other Congressmen that unless something was done to relieve the credit situation, the banks in his county would have to start foreclosure proceedings. These young farmers are doing a fine job, but unless the Government can take over the loans of some of these deserving young men, the banks will have to close them out. I am hoping that some of these fine young men will be able to refinance their farms through the Federal Government and thus continue farming.

I want to compliment our distinguished chairman, Congressman HAROLD COOLEY, and our vice chairman, Congressman BOB POAGE, for the wonderful job they have done in acting so promptly in this emergency.

(Mr. JOHNSON of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. HOPE. Mr. Chairman, I yield the remainder of the time on this side to the gentleman from Oregon [Mr. COON].

Mr. COON. Mr. Chairman, I, too, am vitally interested in this legislation and I think this will be of great help to the small farmers. I want to compliment the subcommittee that handled this legislation for doing a very good job.

I would like at this time to ask a member of the subcommittee, the gentleman from Maine [Mr. MCINTIRE] a question. We had a very serious freeze out in the Milton-Freewater area last year in which nearly all of the orchards of that area were destroyed. From 90 to 100 percent of the trees were killed and those farmes are in a bad way in that frozen area. What they need is credit and that they be allowed to defer repayments on their loans until the orchards get back into production. Now, will this legislation do that for the farmers in that Milton-Freewater area?

Mr. MCINTIRE. In reply to the gentleman's question, may I say I believe it will. I also want to say that the subcommittee had before it the bill which the gentleman from Oregon introduced relative to this problem. We placed in the report accompanying this bill, on page 2, a provision entitled "Loans to Orchardists." If I may I should like to quote the following from that report as follows:

> Consequently, if the purpose of the loan is to reestablish an orchard destroyed by the disaster and repayment is to be expected solely from the production of the orchard, the first repayment installment should be deferred until income is expected from the reestablished orchard.

I believe it is the committee's intent, and this should be placed on record as far as the committee is concerned, that these loans should be made with a repayment schedule adjusted to repayment ability of the reestablished orchard.

I think that covers the point which the gentleman had in mind in the bill which he presented.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COON. I yield to the gentleman from Texas.

Mr. POAGE. It is my recollection that when the representatives of the department appeared before the subcommittee we asked them if they did not have this authority and they readily agreed that they did have the authority, and we felt then that there was no use writing new authority in there. But, we told them to use the authority that they admitted they had.

Mr. COON. This then will establish the policy that they can use that authority and defer repayment until the orchards are put back into production.

Mr. COOLEY. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

Section 1 (a) is amended by striking from the second sentence thereof the words "to assist borrowers under this title in making the" and inserting in lieu thereof the words "or insured for" and by striking the word "their" preceding the words "farming operations."

(b) Section 1 (b) is amended by inserting after the word "only" in the first sentence the words "farm owners," by striking the words "(including owners of inadequate or underimproved farm units)," and by inserting in lieu of the words "the major portion" the words "a substantial portion."

(c) Section 1 (c) is amended to read as follows: "No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: *Provided, however,* That—

"(1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficicnt size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

"(2) loans may be made or mortgages insured to owner-operators who are bona fide farmers who have during one or more of the last 10 years depended on farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, to repair or improve such farm units, and to refinance indebtedness of the owner incurred for agricultural purposes, if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenscs and the amounts to become due on their loan."

(d) The second sentence of section 2 (b) is amended by striking the period at the end thereof and inserting a comma and the following: "except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm."

(e) Section 12 (b) is amended by striking the figures "$100,000,000" and inserting in lieu thereof the figures "$125,000,000."

(f) Section 12 (c) is amended by striking item (5) thereof and inserting in lieu thereof a new item (5) reading as follows:

"(5) The principal obligation (plus the amount of the prior lien, if any, and fees and charges chargeable under subsection (d) of this section) shall not exceed 90 percent of the value of the farm as certified by the county committee pursuant to section 2 (b);"

(g) Section 12 (e) is amended by striking from the last sentence of item (2) the words

"to carry out the provisions of this title, relating to mortgage insurance" and by inserting in lieu thereof the words "of the Farmers' Home Administration and may be transferred annually to that administrative expense account and become merged therewith".

(h) The following new section 17 is added:

"SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers on farms of not more than family size who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. No such loans shall be made to an applicant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate, less any prior lien indebtedness not to be refinanced, and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebtedness shall be adjusted so as to be within such values. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000."

SEC. 2. Title II of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words "Production and Subsistence Loans" in the title and inserting in lieu thereof the words "Operating Loans", and by the amendment of section 21 to read as follows:

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence: *Provided, however,* That loans may be made to operators who are bona fide farmers who have during one or more of the last 10 years depended upon farm income for their livelihood and who are conducting substantial farming operations on units who are less than family-type units, if the units are of sufficient size to produce income which, together with income from other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No initial loan to any one borrower under this section shall exceed $8,000 and no further loan may be made under this section to a borrower so long as the total amount outstanding under this section, including accrued interest, taxes, and other obligations properly chargeable to the account of the borrower, exceeds $15,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed 7 years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for 7 consecutive years shall be eligible for loans hereunder: *Provided, however,* That in justifiable cases, in areas designated under Public Law 875, 81st Congress, as amended (42 U. S. C. 1855), for agricultural assistance or where the Secretary has made loans under Public Law 38, 81st Congress, as amended (12 U. S. C. 1148a), or under Public Law 727, 83d Congress, as amended (12 U. S. C. 1141a–1), where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within 7 years is due to natural causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed a number of additional years equal to the number of years the area has been designated for such emergency assistance or loans. The Secretary may make additional loans to such persons, if necessary, during the same number of additional years."

SEC. 3. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

(a) Section 41 (g) is amended to read as follows:

"(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers' Home Administration under any of its programs, as circumstances may require: *Provided, however,* That—

"(1) compromise, adjustment, or reduction of claims of $15,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General pursuant to the provisions of section 3469 of the Revised Statutes (31 U. S. C. 194);

"(2) compromise, adjustment, or reduction of claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

"(3) releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

"(A) borrowers who have transferred the security property to other approved applicants under agreements assuming the outstanding secured indebtedness; and

"(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"(4) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this act; and

"(5) any claim which has been due and payable for 5 years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt-payment ability, or is deceased and has left no estate, or has been absent from his last known address for a period of at least 5 years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided, however,* That claims involving a principal balance of $150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical."

(b) The first sentence of section 42 (a) is amended by inserting, after the word "county" where it first appears, the words "or area within a county", and after the word "county" where it later appears in said sentence, the words "or area."

(c) Section 43 (d) is amended by striking the words "as family-size farms."

(d) Section 51 is amended to read as follows:

"SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by or acquired by the Secretary under any programs administered by the Farmers' Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of 1 year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this act. Any advances or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortage insurance fund."

SEC. 4. Section 1 of the act of August 31, 1954, as amended (68 Stat. 999; 69 Stat. 223), is further amended by striking the figures "1957" and inserting in lieu thereof the figures "1959" and by striking the figures "$15,000,000" and inserting in lieu thereof "$65,000,000."

With the following committee amendments:

Page 3, line 22, strike out "the prior lien, if any, and" and insert "any."

Page 5, line 21, strike out "who" and insert "which."

Page 6, line 6, strike out "$8,000" and insert "$9,000."

The committee amendments were agreed to.

(Mr. H. CARL ANDERSEN asked and was given permission to revise and extend his remarks.)

Mr. H. CARL ANDERSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, on January 23, 1956, I introduced two bills, H. R. 8653 and H. R. 8654, to liberalize and extend farm credit operations of the Farmers' Home Administration under the Bankhead-Jones Farm Tenant Act.

In simple terms, these bills proposed two things. H. R. 8653, in recognition of the decline in net farm income in recent years, proposed to extend to a total of 10 years the repayment period on production and subsistence loans which is by present law limited to a total of 7 years.

H. R. 8654, in recognition of the same conditions together with a sharp rise in fart mortgage debt and tightening of credit in rural areas, proposed a new title V to the Bankhead-Jones Farm Tenant Act authorizing direct and insured refinancing loans—including farm mortgages.

In considering the bill before us, I believe that it meets in large measure the intent of my bill, H. R. 8654. I am happy to see this done because there is throughout the Nation a very pressing need for this type of farm credit. I recall that when the House Committee on Agricul-

ture held hearings this Spring on my bills there was considerable interest in this proposal and I am most pleased with the action of the committee in accepting the basic principles of H. R. 8654.

However, I am personally quite disappointed with the failure to act favorably on my proposal to extend the repayment period on production and subsistence loans. Anyone familiar with agriculture knows that as a general rule those borrowers who have found it necessary to turn to the Farmers' Home Administration for production and subsistence loans were at the time they did so in a tight or even precarious credit situation. They had to be, to even be eligible for the loan; otherwise, credit would have been available from other sources.

Throughout my almost 18 years in the Congress I have always tried to consider objectively the problems of all farmers, regardless of whether they lived in the North, East, South, or West. I have fought just as vigorously for the beneficial programs farmers in the South wanted and needed as I did for those of immediate benefit to the farmers in my Seventh District of Minnesota. I do not subscribe to sectionalism or favoritism in farm legislation, or any other national legislation for that matter.

Now, however, we have a bill before us which proposes to make available time extensions on production and subsistence loans only to those farmers in the disaster areas. In other words, if a drought-stricken farmer lost his crop, or part of it, one year and his area was included in a designated disaster area, he would be eligible for a 1-year extension. However, if an average farmer in any other part of the country found that due to the general decline in net farm income he was in an equally serious credit situation, he would not be accorded equal consideration under the bill before us.

The bill before us is generally good and has as its purpose the relief of credit stringencies which have mainly developed because of the decline in net farm income. However, the proposed amendment to subsections (c) and (d) of section 21 of the Bankhead-Jones Farm Tenant Act does not go far enough. By limiting its beneficial effects to farmers in the areas adversely affected by natural disasters, it ignores the problems of farmers in other areas who in many instances are equally in need of its benefits due to adverse economic conditions. In the final analysis, the whole purpose of the bill before us is economic in nature and I personally believe it would be a mistake to limit one of its principal benefits to sectional groups. A credit problem is just as important to a farmer regardless of its cause or its inception.

Let me further illustrate the inadequacy, and I may say unfairness, of the bill before us in this particular regard. As has previously been said, this credit extension feature will be of great value to farmers in the flood areas of the East and the drought areas of the West and Southwest. I note from the remarks of the gentleman from Oregon that some special recognition has been given in the committee report to the coastal areas damaged by freezes in the orchards. All of this is fine and it has my full and unqualified support; but it simply does not go far enough in my personal opinion.

In the area surrounding my farm in Minnesota, some of my neighboring farmers have had 10 inches of rain in the last few days. Some of them are no doubt now filing claims under their crop insurance. This year they have been flooded out; last year they were dried out. However, the little areas sometimes involving only a few sections of land have not been included in the disaster areas mentioned in the proviso in this bill and as a result they will not be eligible for the benefits of this extension.

I want to make that point clear for the benefit of the committee. There will be no help under this bill as now written for farmers in those isolated communities whose crops are damaged or destroyed by rail, flood, or drought because they are not in an officially recognized disaster area. As a general rule, the disaster designations cover certain counties. Someone has to make the decision as to which counties shall be included and which shall not. The line has to be drawn somewhere, and after it has been drawn by administrative edict the farmers on one side of that line will be eligible for the extension of their loans while those on the other will not. That in my opinion is sectional and therefore objectionable in national legislation of this nature.

By the very laws mentioned in the proviso in the bill before us we have recognized the special needs of the disaster areas and have made provision to meet them. Let us not make the very serious mistake of limiting the benefits of this otherwise very desirable legislation to those particular geographical areas.

One final point. In considering the liberalization of these so-called production and subsistence loans, please keep in mind that it is still discretionary with the Secretary of Agriculture, and through him with the Farmers' Home Administration, to approve or deny requests or applications for such extensions. We are merely saying by law that they may be extended to 7 years under existing law, or to a total of 10 years if my proposal is adopted. This is especially important to many of our young veterans who started farming since World War II or Korea and have not built up sufficient reserves or equity to see them through present difficulties. By authorizing extensions to a total of 10 years we would not by any manner or means be jeopardizing the best interests of the Federal Government as a lending agency. As a matter of fact, from my discussions with employees, officials, and county committees of the Farmers' Home Administration, we might even improve the possibility of collections on some outstanding loans if the agency had the authority to extend some of these loans a year or so instead of throwing them into the delinquent column.

I had earnestly hoped that the Committee on Agriculture would recognize the need for this amendment and I so advised the committee when I appeared before it this spring to testify in support of my bills.

I feel constrained to offer an amendment to correct this inadequacy but will refrain from doing so in order not to jeopardize passage of what is otherwise a most desirable bill. It is late in the session and I would not want to endanger passage by creating a controversy here today.

However, I do hope the other body will take cognizance of the problem and correct the deficiency when the bill comes before them. That is why I am calling the matter to the committee's attention here today.

I hope, Mr. Chairman, that the other body considers this particular point when the bill is taken up. The balance of the bill is good and its provisions are necessary. If the other body takes appropriate action, I hope the House Committee on Agriculture will give the amendment the consideration it deserves.

Mr. BOW. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. BOW asked and was given permission to revise and extend his remarks.)

Mr. BOW. Mr. Chairman, I take this time to ask the gentleman from Maine [Mr. McINTIRE] or the gentleman from Texas [Mr. POAGE] several questions which I feel will be asked of me on my return to my district.

Under the bill we are making loans and taking care of the small part-time farmer by financing him to continue his operations. I have had a number of letters from farm operators in my district complaining about the part-time farmer, that he is causing some of the trouble of the regular full-time farmer. If we are financing the part-time farmer here, are we developing additional competition against the full-time farmer who depends entirely upon farming as his occupation for his income?

I am asking this simply for information that we may pass on to those who may have some objection to it.

Mr. POAGE. We cannot develop competition since we are not making any purchase loans under this provision. Therefore, we cannot bring new people into the picture. We limit these loans to farmers who have in the past depended upon agriculture for their livelihood. Consequently we are not financing the man who is simply going out from industry or business and setting himself up as a farmer. We are making loans only to continue the farming operations of those who have heretofore been engaged in farming and have been dependent upon farming for their livelihood. We think that is a reasonable limitation.

Mr. BOW. Do I correctly understand that anyone who in the last 10 years has had 1 year in which he received the greater portion of his income from farming is eligible, so that we are over a period of 10 years picking up someone and financing him to go back into farming?

Mr. POAGE. That is true, provided he meets a large number of other requirements, such as that the loan can be made or the mortgage insured only to owner-operators who are at the time bona fide operators and who are conducting substantial farming operations.

By that, of course, we mean those who are doing a substantial amount of marketing.

Mr. BOW. Who makes the determination as to that?

Mr. POAGE. The Department of Agriculture makes it. Of course, that in effect means the local committee will make it.

Mr. BOW. The local committee will do that?

Mr. POAGE. Yes. We make all those limitations in addition to the fact that the borrower has to have within the past 10 years been dependent upon agriculture for his livelihood.

Mr. BOW. Let us assume we have a man back from Korea who has gone into farming. He, of course, has not been there for 10 years. Is he eligible for this loan if he is in trouble?

Mr. POAGE. Provided that for at least 1 year he has depended on that farm for his livelihood. If he just comes back from Korea today and has a job with the General Tire & Rubber Co. and is drawing $400 a month in salary, and buys a residence at the edge of town and puts in a dozen tomato plants, he does not qualify.

Mr. BOW. I am talking about the men we have had come back from Korea during the past 3 years who have gone into farming and are caught in this squeeze. Are they eligible for this, even if they have not been there for 10 years?

Mr. POAGE. I thought we were quite liberal in the definition of a man who had been a farmer in that we required him only to show in addition to that fact, the further fact that he is a bona fide operator at the present time and that his operations are substantial; that is, that he depends upon them for some appreciable part of his income. Then we require that he show that sometime during the past 10 years he was dependent for his livelihood on those operations. We did not say that it was sufficient to show that he received even the major part of his livelihood from the farm, but during one of those years he must have been dependent upon farming operations for his income.

Mr. BOW. The great Committee on Agriculture of the House has studied this, and they do not feel that by the adoption of this legislation we are creating any additional burden on the regular full-time farmer?

Mr. POAGE. We do not think so. We were much disturbed and fearful about that possibility, just as the gentleman from Ohio is, but we think we have so limited the new credit that we will not create new competition. We are simply trying to keep those people farming who have tried to make farming their major activity, and we are giving no aid or comfort to those who are trying to push into the farming field on a part-time basis.

Mr. BOW. I thank the gentleman.

Mr. JONAS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time in order to ask the gentleman from Texas another question. I notice on page 3 of the bill, the section beginning on line 22, reads as follows:

(5) The principal obligation (plus the amount of any fees and charges chargeable under subsection (d) of this section) shall not exceed 90 percent of the value of the farm as certified by the county committee pursuant to section 2 (b).

Does that contemplate that loans up to 90 percent of the value of the farm, as certified by the county committee, may be granted?

Mr. POAGE. Yes, that is what it means. Direct loans are made for 100 percent. This means if they are insured loans, they cannot exceed 90 percent.

Mr. JONAS. That is not 90 percent of the fair value of the farm, but 90 percent of the value certified by a committee. Does the committee undertake to determine the fair value of the farm?

Mr. POAGE. That committee is limited on what it can certify on the basis of the agricultural value. As you will find in existing law, the committee is limited in making its appraisal to what we call the agricultural value, and that means the reasonable anticipated income that can be made from the farm.

Mr. JONAS. But, it would not involve then a loan of 90 percent of the market value of the farm.

Mr. POAGE. Not necessarily. It might, however. It might exceed or it might be less. We have found in times of inflated values that ordinarily your agricultural value is somewhat less than your market value because people will pay a speculative price for land. Of course, in times of deflation you sometimes will find the reverse taking place. At the present time, I think, it clearly means it would not go as high as your market value.

Mr. JONAS. I thank the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

Are there any further amendments? If not, under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MACHROWICZ, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Tenant Act, and for other purposes, pursuant to House Resolution 542, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered. Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The SPEAKER. The question is on the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

PROGRAM TO ALLEVIATE CONDITIONS OF EXCESSIVE UNEMPLOYMENT IN ECONOMICALLY DEPRESSED AREAS

(Mr. FLOOD asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. FLOOD. Mr. Speaker, I have introduced a bill to establish an effective program to alleviate conditions of excessive unemployment in certain economically depressed areas.

My original bill, H. R. 7857, on this same subject was referred to the Committee on Ways and Means of the House because of a tax-raising provision which is not in this new bill, and extensive hearings were conducted and concluded by the Senate Labor and Education Committee, both in Washington and in some of the areas including my district. The hearings were taken place in Wilkes-Barre, where the problem sought to be relieved by the bill exists. The need for this type of legislation, was conclusively established by the hearings. Many constructive suggestions for the improvement of the bill were also received. As a result of the hearings, therefore, the desirability of certain changes in the original bill became apparent, and this amendment in the nature of a substitute was drafted to meet those needs and suggestions.

Under this bill which was originally called the depressed areas bill, it now will be entitled "The Area Redevelopment Act." It will establish programs not only to help relieve chronic unemployment in areas of excessive underemployment. The purpose of the bill, of course, is to help all these areas help themselves.

The bill provides for closer cooperation by Government agencies and private industry in the effort to work out a real solution to this problem.

As it became apparent that the problem is not one of mere unemployment, but also underemployment, we have brought these two factors together in the amended bill by authorizing the Administrator to denominate and assist industrial redevelopment areas and rural redevelopment areas as well. Definitions of these areas are now more clearly spelled out and expanded.

Uses of the loans to be made upon recommendation of the local committees have been enlarged to include those things—land, buildings, and machinery—found to be necessary for the communities to do the job of relieving unemployment and underemployment.

Local financial participation is required.

Assistance to public facilities has been retained in the amended bill both by loans and grants. The loan funds have been set up on a revolving basis.

Additional safeguards have been included in the revised bill to prevent migration of industry or transfer of work by a borrower from one area to another which would have the effect of merely shifting unemployment from one section of the country to another.

Retraining subsistence payments have been authorized in place of extended unemployment compensation.

The problems of areas of chronic unemployment and underemployment are still very much present. Current labor statistics show little, if any, real change in employment in these areas from that existing 1 year ago. Efforts of these areas, unsuccessful in large part, to solve their own problems were graphically exhibited to the Senate Labor Subcommittee, and representatives from the areas vividly described the need for legislation of this type to bring a real solution to their problems. The recent layoffs in the auto and farm machinery manufacturing industries will substantially aggravate the problems, as many of the individuals affected had originally migrated into these more prosperous industrial areas and now must return to their homes in economically plagued areas.

Mr. Speaker, this bill is designed to help these needy areas pull themselves up by a little more than their own bootstraps. It is my hope, Mr. Speaker, despite the lateness of the session, that Congress will recognize the need and will find that this revised bill is a constructive way to help these areas and will take favorable action on this legislation.

The following is a digest of bill H. R. 11715:

1. PURPOSE

To provide assistance to communities, industries, enterprises, and individuals in areas needing redevelopment to enable them to expand and adjust their productive activity to alleviate excessive unemployment and underemployment within such areas by providing new employment opportunities and developing and expanding existing facilities and resources without reducing employment in other areas of the United States.

2. ORGANIZATION

1. Creates Area Redevelopment Administration with Administrator.

2. Creates Advisory Committees—meet twice a year—to assist Administrator.

(a) Government Advisory Committee consisting of heads of major Federal bureaus.

(b) National Public Advisory Committee consisting of heads of business, labor and agriculture.

3. DEPRESSED AREAS DEFINED

(a) Industrial redevelopment areas are defined as "those within the United States in which Administrator determines that there has existed excessive unemployment for an extended period of time."

Areas shall be so designated where unemployment is:

1. Not less than 12 percent for 12-month period.

2. Not less than 8 percent for 15 months of 18 month period.

3. Not less than 6 percent for 8 months in each of 2 years.

(b) Rural redevelopment areas are defined as "those rural areas within United States (not exceeding at any one time 15 counties in any State or 300 counties in United States) in which he determines that there exist the largest number and percentage of low income farm families, and a condition of substantial and prolonged underemployment."

4. LOCAL COMMITTEES

Once a redevelopment area is determined, local redevelopment committee is appointed by Administrator consisting of at least 7 residents of area. Local committee to represent: management, labor, commercial, industrial development, and agricultural groups. Submit plans for alleviating unemployment and underemployment.

Administrator may appoint Regional Committee on same basis as above within areas to represent two or more redevelopment areas.

Funds for local committees: Not more than $1,500,000 available to Administrator, to aid regional and local committees for administrative-expenses only salaries, and traveling expenses excluded.

5. LOANS

(a) May make loans to assist in financing (1) purchase or development of land for industrial usage; (2) construction, rehabilitation, or alteration of industrial plants or other manufacturing, commercial, or processing facilities; (3) purchase of machinery or equipment.

Need established by findings showing:

1. Construction of facility reasonably calculated to alleviate unemployment or underemployment.

2. Funds for construction not otherwise available on reasonable terms.

3. Amount of loan plus private funds available are adequate to insure completion.

4. Borrower will not transfer business operations to such plant so as to effect a reduction in employment in any other area within the United States.

5. Facility constructed will provide more than temporary alleviation of unemployment or underemployment.

(b) No loan shall be in excess of 75 percent of aggregate cost nor longer than 40 years.

(c) Administrator shall require not less than 10 percent or more than 25 percent of aggregate cost to be supplied by (1) States and subdivisions thereof; or (2) local interests. Federal lien has first status. Financial condition of area to determine amount of local contribution to cost.

(d) Loan shall be conditioned upon contract provision effective during life loan prohibiting borrower from transferring or relocating business operations to redevelopment area so as to cause unemployment elsewhere.

(e) "Borrower" includes successors in interest, lessees, subcontractors, or persons or firms under common control.

(f) One hundred million dollars authorized for making industrial redevelopment loans. Revolving fund created. Fifty million dollars appropriated for rural redevelopment loans (with limitation of $2,500,000 any one State). Revolving fund created.

6. ASSISTANCE TO PUBLIC FACILITIES

1. Loans for public facilities:

(a) Upon application of any State or political subdivision thereof, Indian tribe, private or public organization, Administrator is authorized to make loans to assist in financing purchase or development of land for public-facility usage, construction, rehabilitation, alteration, expansion, or improvement of public facilities in redevelopment areas.

Need established by findings of:

(1) Project provides more than temporary alleviation of unemployment and will tend to improve opportunities in areas for successful establishment or expansion of industrial or commercial plants or facilities.

(2) Funds requested are not otherwise available on reasonable terms.

(3) Amount of loan plus amount of funds from State or local or private sources are adequate to insure completion.

(b) No loan shall be in excess of 75 percent of aggregate costs, or for longer than 40 years.

(c) Administrator shall require not less than 10 percent or more than 25 percent of aggregate cost to be supplied by (1) State or political subdivision, or (2) a loan. Financial condition of areas to determine amount of local contribution to cost. Federal lien has first position.

(d) One hundred million dollars appropriated for public facility loans. Revolving fund created.

2. Grants for public facilities:

(a) Administrator shall conduct continuing studies of needs and probable costs in redevelopment areas for needed land acquisition for public facility usage and for construction, alterations, expansion, or improvement of useful public facilities. Receive proposals from States, Indian tribes, etc., showing costs and contributions to be made to proposal and Administrator may make grants where he finds:

(1) Proposal will provide more than temporary alleviation of unemployment or underemployment and proposal will tend to improve opportunities of area for establishment or expansion of industrial plants and facilities.

(2) Local groups contribute to cost of project proportionate to ability to contribute.

(3) Project will fill a pressing need of area and little probability project could otherwise be undertaken. Grant, with other funds available, will not exceed amount needed to insure completion.

(b) Administrator provides supervision to prevent waste of Federal funds.

(c) Appropriations authorized not to exceed $50 million annually for making grants.

7. FUNDS FOR INDUSTRIAL PLANTS AND PUBLIC FACILITIES

Administrator with approval of President issues notes and obligations not exceeding $250 million. Secretary of the Treasury may purchase and sell such notes.

8. ESTABLISHMENT OF REVOLVING FUNDS

Creates revolving funds for industrial and rural redevelopment loans and public facility loans. (See separate loan sections for amounts.)

9. PROCUREMENT BY GOVERNMENTAL AGENCIES

(a) Each Department of the Federal Government engaged in procurement of supplies shall—

1. Use best efforts to award negotiated procurements to contractors in redevelopment areas.

2. Where deemed appropriate set aside portions of procurements for negotiation with firms in redevelopment areas.

3. Provides bid matching procurements means.

4. Assures that firms in redevelopment areas are bidders on list and get notices.

5. In event of tie bids, all other things being equal, award contract to firm in redevelopment area.

6. Encourage prime contractors to award subcontracts to firms in redevelopment areas.

7. Cooperate with other departments and agencies of Federal Government to achieve objectives set forth.

(b) Administrator shall furnish all departments and agencies of Federal Government with list of areas designated as redevelopment areas and with list of services and supplies available in each of such areas.

10. INFORMATION

Administrator shall aid redevelopment areas by furnishing assistance, technical information, market research, advice, etc., obtainable from Federal Government agencies. Administrator shall also supply Federal procurement agencies with names and addresses of redevelopment area firms desirous of obtaining contracts from United States Government.

11. TECHNICAL ASSISTANCE

Administration authorized to provide technical assistance to redevelopment areas. Includes studies of need, potentials, etc., and may be provided by use of staff of Administrator or by contract with individuals or institutions locally.

84TH CONGRESS
2D SESSION

H. R. 11544

IN THE SENATE OF THE UNITED STATES

JUNE 21, 1956

Read twice and referred to the Committee on Agriculture and Forestry

AN ACT

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

Section 1 (a) is amended by striking from the second sentence thereof the words "to assist borrowers under this title in making the" and inserting in lieu thereof the words

"or insured for" and by striking the word "their" preceding the words "farming operations".

(b) Section 1 (b) is amended by inserting after the word "only" in the first sentence the words "farm owners", by striking the words "(including owners of inadequate or underimproved farm units)", and by inserting in lieu of the words "the major portion" the words "a substantial portion".

(c) Section 1 (c) is amended to read as follows: "No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: *Provided, however,* That—

"(1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

"(2) loans may be made or mortgages insured to owner-operators who are bona fide farmers who have during one or more of the last ten years depended on

farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, to repair or improve such farm units, and to refinance indebtedness of the owner incurred for agricultural purposes, if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loan."

(d) The second sentence of section 2 (b) is amended by striking the period at the end thereof and inserting a comma and the following: "except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm."

(e) Section 12 (b) is amended by striking the figures "$100,000,000" and inserting in lieu thereof the figures "$125,000,000".

(f) Section 12 (c) is amended by striking item (5) thereof and inserting in lieu thereof a new item (5) reading as follows:

"(5) The principal obligation (plus the amount of any fees and charges chargeable under subsection (d) of this section) shall not exceed 90 per centum of the value of the

farm as certified by the county committee pursuant to section 2 (b);"

(g) Section 12 (e) is amended by striking from the last sentence of item (2) the words "to carry out the provisions of this title, relating to mortgage insurance" and by inserting in lieu thereof the words "of the Farmers Home Administration and may be transferred annually to that administrative expense account and become merged therewith".

(h) The following new section 17 is added:

"SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers on farms of not more than family size who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fufill. No such loans shall be made to an applicant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate, less any prior lien indebtedness not to be refinanced, and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebted-

ness shall be adjusted so as to be within such values. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000."

SEC. 2. Title II of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words "Production and Subsistence Loans" in the title and inserting in lieu thereof the words "Operating Loans", and by the amendment of section 21 to read as follows:

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence: *Provided, however,* That loans may be made to operators who are bona fide farmers who have during one or more of the last ten years depended upon farm income for their livelihood and who are conducting substantial farming operations on units which are less than family-type units, if the units are of sufficient size to produce income which, together with income from other sources, including pensions in the case

of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No initial loan to any one borrower under this section shall exceed $9,000 and no further loan may be made under this section to a borrower so long as the total amount outstanding under this section, including accrued interest, taxes, and other obligations properly chargeable to the account of the borrower, exceeds $15,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed seven years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: *Provided, however,* That in justifiable cases, in areas designated under Public Law 875, Eighty-first Congress, as amended (42 U. S. C. 1855), for agricultural assistance or where the Secretary has made loans under Public Law 38, Eighty-first Congress, as amended (12 U. S. C. 1148a), or under Public Law 727, Eighty-third Congress, as amended (12 U. S. C. 1141a–1), where the Secretary finds that the inability of a borrower to

repay his indebtedness under this section within seven years is due to natural causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed a number of additional years equal to the number of years the area has been designated for such emergency assistance or loans. The Secretary may make additional loans to such persons, if necessary, during the same number of additional years."

SEC. 3. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

(a) Section 41 (g) is amended to read as follows:

"(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers' Home Administration under any of its programs, as circumstances may require: *Provided, however,* That—

"(1) compromise, adjustment. or reduction of claims of $15,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General pursuant to the provisions of section 3469 of the Revised Statutes (31 U. S. C. 194);

"(2) compromise, adjustment, or reduction of claims shall be based on a reasonable determination by

the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

"(3) releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

"(A) borrowers who have transferred the security property to other approved applicants under agreements assuming the outstanding secured indebtedness; and

"(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"(4) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than

recommended by the appropriate county committee established pursuant to section 42 of this Act; and

"(5) any claim which has been due and payable for five years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt payment ability, or is deceased and has left no estate, or has been absent from his last known address for a period of at least five years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided, however,* That claims involving a principal balance of $150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical."

(b) The first sentence of section 42 (a) is amended by inserting after the word "county" where it first appears, the words "or area within a county" and after the word "county" where it later appears in said sentence, the words "or area".

(c) Section 43 (d) is amended by striking the words "as family-size farms".

(d) Section 51 is amended to read as follows:

"SEC. 51. The Secretary is authorized and empowered

to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by or acquired by the Secretary under any programs administered by the Farmers' Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act. Any advances or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortgage insurance fund."

SEC. 4. Section 1 of the Act of August 31, 1954, as amended (68 Stat. 999; 69 Stat. 223), is further amended by striking the figures "1957" and inserting in lieu thereof

the figures "1959" and by striking the figures "$15,000,000" and inserting in lieu thereof "$65,000,000".

Passed the House of Representatives June 20, 1956.

Attest: RALPH R. ROBERTS,

Clerk.

84TH CONGRESS
2D SESSION

H. R. 11544

AN ACT

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

JUNE 21, 1956
Read twice and referred to the Committee on Agriculture and Forestry

AN ACT

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 6, 1956
For actions of July 5, 1956
84th-2nd, No. 112

CONTENTS

Agriculture Committee....8
Appropriations.....36
Assistant Secretaries.....27,33
Atomic energy.....6
Banking.....5,31
CCC.....9,12,35
Conservation.....28
Cotton.....22
Education.....2
Electrification.....15
Farm problems.....24
Flood control.....19
Food and drugs.....7
Foreign affairs.....18,32
Foreign aid.....20,36
Forestry.....14,29
Grain.....12,35
Great Plains.....28
Holidays.....23
Labor, farm.....21
Lands, public.....17
Legislative program.....9
Loans, farm.....11,30
Meat inspection.....16
Mining.....29
Organization.....33
Personnel.....4,25
Postal rates.....9
Poultry.....16
Reclamation.....3,13
Research.....6,22,33
Roads.....27
School construction.....2,9
Surplus property.....34
Transportation.....1
Trip leasing.....1
Veterans' benefits.....30
Wheat.....10
Wildlife.....26

HIGHLIGHTS: House Rules Committee cleared trip leasing bill. Senate committee reported International Wheat Agreement. Senate subcommittee tentatively approved farm loan bill. Sen. Neuberger urged conservation of national forests. Sen. Langer introduced and discussed bill to increase pay for Federal employees. Sen. Hill introduced and discussed bill to provide voluntary health prepayment plan for Federal employees.

HOUSE

1. TRANSPORTATION. The Rules Committee reported a resolution for the consideration of S. 898, to amend the Interstate Commerce Act so as to authorize ICC to regulate the use by motor carriers (under leases, contracts, or other arrangements) of motor vehicles not owned by them, in the furnishing of transportation of property, but to prohibit regulation of the duration of, or the terms of pay under, certain trip-leasing arrangements. p. 10782

2. EDUCATION; SCHOOL CONSTRUCTION. Rejected, 194 to 224, H. R. 7535, to provide Federal assistance to the States for school construction. p. 10722

3. RECLAMATION. Received the conference report on S. 1622, to authorize the Secretary of the Interior to make payment for certain improvements located on public lands in the Rapid Valley unit, S. Dak., of the Missouri River Basin project (H. Rept. 2618). pp. 10763, 10782

The Rules Committee reported a resolution for the consideration of H. R. 10643, to authorize the Secretary of the Interior to construct, operate, and maintain the Washoe reclamation project, Nev. and Calif. p. 10782

July 5, 1956

4. PERSONNEL. Received from the Presidential Adviser on Personnel Management a proposed bill "to provide health and medical services for United States citizen civilian officers and employees in the Federal service overseas and their dependents"; to the Post Office and Civil Service Committee. p. 10781

5. BANKING. The Banking and Currency Committee reported without amendment H. R. 11261, to extend until June 30, 1963, the Export-Import Bank Act of 1945 (H. Rept. 2620). p. 10782

6. ATOMIC ENERGY. The Joint Committee on Atomic Energy reported without amendment H. R. 12061, to provide for the acceleration of a civilian atomic-power program by authorizing the construction of additional atomic power reactors and further research facilities (H. Rept. 2622). p. 10782

7. FOOD AND DRUG. The Interstate and Foreign Commerce Committee reported with amendment H. R. 9547, to amend and simplify certain procedures in hearings relative to the administration of the Federal Food, Drug, and Cosmetic Act (H. Rept. 2623). p. 10782

8. AGRICULTURE COMMITTEE. Rep. Lovre described the dinner given for Rep. Hope by the National Milk producers Federation and paid tribute to the record of Rep. Hope on behalf of American agriculture. p. 10721

9. LEGISLATIVE PROGRAM. Rep. McCormack announced the following program for Fri. and Sat.: Postal rate increase bill, school construction program in Federally affected areas, and increase in borrowing power of CCC. p. 10762

SENATE

10. WHEAT. The Foreign Relations Committee reported the International Wheat Agreement for 1956 (Ex. Rept. 7). p. 10679

11. FARM LOANS. The Agriculture and Forestry Subcommittee on Agricultural Credit and Rural Electrification tentatively approved for reporting to the full committee with amendments S. 3429, to improve and simplify the credit facilities available to farmers and to amend the Bankhead-Jones Farm Tenant Act. p. D741

12. CCC GRAIN. Sen. Humphrey inserted a letter to the Secretary from the National Grain Trade Council summarizing the proposals of the Council relative to the sale of CCC grain for export. p. 10711

13. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment S. 3227, to authorize the Secretary of the Interior to construct, operate, and maintain the Little Wood River reclamation project, Ida. (S. Rept. 2417). p. 10678

14. FORESTRY. The Interior and Insular Affairs Committee reported without amendment H. R. 9974, relative to the cutting of timber, manufacture and sale of lumber, and preservation of the forests on the Menominee Indian Reservation in Wis. (S. Rept. 2413). p. 10679

Sen. Neuberger urged conservation of the national forests, criticized proposals which would lead to the "dismemberment of the national forests", and inserted a newspaper editorial in support of his position. p. 10684

Sen. Humphrey inserted a newspaper editorial in support of his bill (S. 4013) to establish a wilderness preservation system. p. 10716

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 11, 1956
For actions of July 10, 1956
84th-2nd, No. 116

CONTENTS

Accounting.....18
Appropriations.....1
Budgeting.....18
Buildings.....28
CCC.....15
Civil defense.....17
Cotton.....9,27
Cranberries.....3
Dairy industry.....20
Family farms.....16
Farm program.....8
Flood control.....6
Forestry.....9,21
Guar seed.....8
Humane slaughter.....32
Information.....23
Lands.....4,9
Leases.....28
Loans, farm.....9
Marketing.....3,9,30
Mining.....12
Natural resources.....13
Oranges.....30
Prices, farm.....20
Property.....9,24
Public debt.....31
Reclamation.....5,14
Research.....10
School milk.....20
Security.....19
Seeds.....8,25
Trade, foreign.....7,11
Transportation.....2,22
Trip leasing.....2
Water pollution.....26
Watersheds.....9
Weather control.....29

HIGHLIGHTS: Senate committees ordered reported the following bills: Farm loan bill. Broaden authority for use and occupancy of land within national forests. Broaden law on practices in marketing perishable commodities. Permit processors to buy cotton futures contracts. Eliminate delay in starting watershed projects. Dispose of Akron synthetic rubber laboratory. House Rules Committee cleared supplemental appropriation bill. House agreed to resolution for consideration of marketing facilities bill. House committee ordered reported bill to add cranberries for canning and freezing to Marketing Agreement Act. House agreed to resolution for consideration of trip leasing bill. Rep. Johnson, Wis., discussed need for stabilizing income of dairy farmers.

HOUSE

1. APPROPRIATIONS. The Rules Committee reported a resolution for consideration of H. R. 12138, the supplemental appropriation bill for 1957. p. 11069

2. TRANSPORTATION. Agreed to a resolution for consideration of S. 898, to amend the Interstate Commerce Act so as to authorize ICC to regulate the use by motor carriers (under leases, contracts, or other arrangements) of motor vehicles not owned by them, in the furnishing of transportation of property, but to prohibit regulation of the duration of, or the terms of pay under, certain trip-leasing arrangements. p. 11074

3. MARKETING. Agreed to a resolution for the consideration of H. R. 4054, to provide a system of mortgage insurance to municipal and other political subdivisions of the States, to be administered by USDA, for the expansion of public marketing of perishable commodities. p. 11075

The Agricul ure Committee ordered reported H. R. 8384, to extend the provisions of the Agricultural Marketing Agreement Act of 1937, to cranberries for canning or freezing processing. p. D767

4. LANDS. The Agriculture Committee reported without amendment (H.Rept. 2668), H. J. Res. 642, to provide for the quitclaim of certain FHA land in Coahoma County, Miss. p. D767

Interior and Insular Affairs Committee ordered reported H. R. 10371, to provide that withdrawals or reservations of more than 5,000 acres of public lands of the U. S. for certain purposes shall not become effective until approved by act of Congress. p. D768

5. RECLAMATION. Agreed to a resolution for the consideration of H. R. 10643, to authorize the construction, operation, and maintenance of the Washoe reclamation project, Nev. and Calif. p. 11072

Received from the Interior Department a report on the Farwell unit, Neb., of the Missouri River Basin project (H. Doc. 445); to the Interior and Insular Affairs Committee. p. 11083

6. FLOOD CONTROL. The Rules Committee reported a resolution for the consideration of H. R. 12080, to authorize the construction, repair, and preservation of certain Army public works on rivers and harbors for navigation and flood control. p. 11083

The Public Works Committee reported without amendment S. 1358, to authorize modification of the flood-control project for Missouri River Agricultural Levee Unit 513-512R, Neb. (H. Rept. 2676). p. 11083

7. FOREIGN TRADE. The Ways and Means Committee ordered reported H. R. 9396, to provide for the duty-free importation of guar seed. p. D769

8. FARM PROGRAM. Rep. Hand discussed the problems of New Jersey agriculture and suggested that more attention should be paid to the farm problems of the Northeast in research, conservation, and crop insurance. p. 11075

SENATE

9. AGRICULTURE AND FORESTRY COMMITTEE ordered reported the following bills: p.D765

H. R. 5337, without amendment, to broaden the provisions of law relating to practices in the marketing of perishable agricultural commodities;

H. R. 9333, without amendment, to give to certain consuming processors of cotton the privilege of buying cotton futures contracts in certain cases;

H. R. 9339, without amendment, authorizing the exchange of certain U. S. lands in Union County, Ga., for lands in the Chattahoochee National Forest;

H. R. 11873, without amendment, to decrease the Congressional review period of projects under the Watershed Protection and Flood Prevention Act from 45 days to 15 days;

S. 3429, with amendment, to improve and simplify the credit facilities available to farmers and to amend the Bankhead-Jones Farm Tenant Act;

S. 2216, with amendment, to amend the act of March 4, 1915, to permit the use and occupancy of national forest lands for industrial and commercial purposes, and by States or political subdivisions for constructing facilities for education or other public uses;

S. 3133, with amendment, to provide for the conveyance of certain real property of the U. S. to Boise, Ida.

10. RESEARCH. The Banking and Currency Committee ordered reported with amendment S. 3832, to provide for the disposal of the Government-owned synthetic rubber research laboratories at Akron, Ohio.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 12, 1956
For actions of July 11, 1956
84th-2nd, No. 117

CONTENTS

Accounting.....4,21
Animal disease.....26,44
Appropriations.....14,26
Atomic energy.....7,13
Budgeting.....4
Cotton.....9
Educational exchange.....1
Electrification.....13,37
Executive communications.....24
Farm program.....29
Flood control.....3,49
Food, surplus.....16,24
Foreign affairs.....8,20
Foreign aid.....1,20,38
Forestry.....9,19,26
4-H Clubs.....35
Guar seed.....2
Housing.....23,40
Lands.....9,19,27,39,46
Legislative program.....25
Loans, farm.....9,47
Marketing.....9
Mining.....12,18
Monopolies.....41
Notaries public.....48
Personnel.....5,24,45
Postal rates.....24,30
Potatoes.....15
Public Law 480.....2
Reclamation.....6,37
Research.....9,10,14,44
Security.....22,28
Soil bank.....42
Soil conservation.....32
Taxation.....34
Trade, foreign.....2,11,33,36,43
Travel.....5
Veterans' benefits.....17
Water, supply.....3
pollution.....31
Watersheds.....9
Wheat.....8,33
Wool.....43

HIGHLIGHTS: Senate ratified International Wheat Agreement. Senate committees reported the following bills: Farm loan bill. Broaden authority for use and occupancy of land within national forests. Broaden law on practices in marketing perishable commodities. Forest products price reporting. Permit processors to buy cotton futures contracts. Eliminate delay in starting watershed projects. Dispose of Akron synthetic rubber laboratory. Senate received from President supplemental appropriation request for commission on Increased Use of Agricultural Products.
(Continued on page 7)

HOUSE

1. FOREIGN AID. Passed with amendments H. R. 12130, the mutual security appropriation bill, by a vote of 120 to 284. The amendments adopted would provide that not less than $15,000,000 of the $35,000,000 for Latin American defense support be used to aid Guatamala, and that no funds contained in the mutual security appropriation bill be used for international educational exchange activities. p. 11180

2. FOREIGN TRADE. Both Houses received from the President the 4th semi-annual report on activities carried on under Public Law 480, 83rd Congress (H. Doc. 447); to the Senate Agriculture and Forestry Committee and the House Agriculture Committee. pp. 11085, 11224

The Ways and Means Committee reported with amendment H. R. 9396, to amend the Tariff Act of 1930 to place guar seed on the free list (H. Rept. 2681). p. 11235

3. WATER SUPPLY. The Public Works Committee reported without amendment S. 2374, to authorize the Secretary of the Army to enter into contracts to furnish water for municipal water supplies from flood control and river and harbor projects (H. Rept. 2683). p. 11236

4. BUDGETING; ACCOUNTING. The Government Operations Committee ordered reported H. R. 11526, to improve governmental budgeting and accounting methods and procedures. p. D778

5. PERSONNEL. The Government Operations Committee ordered reported H. R. 11515, to provide for the payment of travel and transportation cost for persons selected for appointment to certain positions in the U. S. and Alaska. p. D778

6. RECLAMATION. Received the new conference report, subsequent to an order to recommit, on S. 1622, to authorize the Secretary of the Interior to make payment for certain improvements located on public lands in the Rapid Valley unit, S. Dak., of the Missouri River Basin project (H. Rept. 2677). p. 11179

7. ATOMIC ENERGY. The Joint Committee on Atomic Energy ordered reported the following bills: p. D778

H. R. 9743 and S. 2643, to encourage maximum development of atomic energy reactors for the generation of low-cost electric power and the production, utilization, and treatment of special nuclear and other materials.

S. 4203, to amend the Atomic Energy Act of 1954 "(so-called AEC omnibus bill)".

SENATE

8. WHEAT. By a vote of 85 to 2, agreed to a resolution of ratification on the International Wheat Agreement of 1956, extending the Agreement for 3 years. The Agreement covers 303 million bushels of wheat, as compared to 395 million covered in the 1953 Agreement; sets the price range of wheat at $1.50 to $2.00 a bushel, as compared with $1.55 and $2.05 in the 1953 agreement; and adds two new exporting countries - Argentina and Sweden. p. 11102

9. AGRICULTURE AND FORESTRY COMMITTEE reported the following bills: pp. 11090, 11091

H. R. 7723, with amendment, to authorize the Secretary of Agriculture to convey certain lands in Phelps Co., Mo., to the Chamber of Commerce of Rolla, Mo. (S. Rept. 2513);

S. 4059, without amendment, to provide for price reporting and research with respect to forest products (S. Rept. 2510);

H. R. 5337, without amendment, to broaden the provisions of law relating to practices in the marketing of perishable agricultural commodities (S. Rept. 2507);

H. R. 9333, without amendment, to give to certain consuming processors of cotton the privilege of buying cotton futures contracts in certain cases (S. Rept. 2506);

H. R. 9339, without amendment, authorizing the exchange of certain U. S. lands in Union County, Ga., for lands in the Chattahoochee National Forest (S. Rept. 2508);

H. R. 11873, without amendment, to decrease the Congressional review period of projects under the Watershed Protection and Flood Prevention Act from 45 days to 15 days (S. Rept. 2509);

S. 3429, with amendment, to improve and simplify the credit facilities available to farmers and to amend the Bankhead-Jones Farm Tenant Act (S. Rept. 2526);

S. 2216, with amendment, to amend the act of March 4, 1915, to permit the use and occupancy of national forest lands for industrial and commercial purposes, and by States or political subdivisions for constructing facilities for education or other public uses (S. Rept. 2511);

Calendar No. 2563

84TH CONGRESS
2d Session

SENATE

REPORT
No. 2526

AMENDMENTS TO THE BANKHEAD-JONES FARM TENANT ACT

JULY 11, 1956.—Ordered to be printed

Mr. HOLLAND, from the Committee on Agriculture and Forestry, submitted the following

REPORT

TOGETHER WITH SUPPLEMENTAL VIEWS

[To accompany S, 3429]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 3429) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes, having considered the same, report thereon with a recommendation that it do pass with amendments.

HEARINGS

The committee's Subcommittee on Agricultural Credit and Rural Electrification conducted three days of hearings on credit needs of farmers which cannot be met from regular credit sources. Those hearings covered Senate bills 1199, 2961, 3034, 3035, 3184, 3185, 3247, 3293, 3374, 3429, 3559, 3790, and 3850, have now been printed, and are available for the information of the Senate. The subcommittee also considered H. R. 11544, which had been passed by the House after hearings on current credit needs and is similar to S. 3429.

GENERAL STATEMENT

S. 3429 would expand loan operations under the Bankhead-Jones Farm Tenant Act. Its principal purposes are to (1) provide until June 30, 1959, for farm mortgage loans to refinance existing secured or unsecured indebtedness, (2) provide for farm improvement, repair, and refinancing loans on less than family-size farms, (3) permit aggregate operating loans up to $20,000 in a limited number of cases, (4) permit farm ownership loans for above average value family farms,

71006—56——1

(5) raise the annual loan insurance authorization by $25 million, and (6) broaden the Secretary's authority to compromise claims and deal with the security.

SECTION BY SECTION ANALYSIS

The bill is divided into three sections which treat respectively of: (1) Farm-ownership loans, (2) production and subsistence loans, and (3) loan servicing and compromise authority.

FARM OWNERSHIP LOANS

Section 1 deals with farm ownership loans.

Subsection (a) would permit loans "for improvements to adjust farms to changing conditions" to be made to any eligible applicant. At present such loans can be made only to existing borrowers[4]

Subsection (b) would amend the definition of eligible borrowers to include (A) "farm owners" (in place of "owners of inadequate or underimproved farm units"—since refinancing loans and loans to adjust to changing conditions would not be restricted to owners of underimproved units) and (B) individuals obtaining "a substantial portion" (instead of "the major portion") of their income from farming. The latter change is recommended because the bill provides for loans to farmers on less than family-type farms who have supplemental income. It is not intended that the income from a garden, a cow, and a few chickens will be considered substantial, but on the other hand, the committee realizes that earnings from off-farm employment at least for temporary periods, might constitute the major portion of the income of a farmer who takes such employment.

Subsection (c) would permit loans for repairs, improvements, and refinancing to owner-operators living on less than family-type units if, with the aid of supplemental income, they can meet the loan and their living and operating expenses. The committee amendment to this subsection is intended to restrict these loans to bona fide farmers, rather than to encourage urban workers with rural residences to enter into competition with farmers in the production of commodities. H. R. 11544 uses somewhat different language to accomplish a similar purpose. H. R. 11544 restricts such loans to bona fide farmers dependent during one of the last 10 years on farm income and conducting substantial farming operations. The committee believes its language preferable since it would exclude persons who have abandoned farming, but may have farmed during one of the last 10 years, as well as persons who conduct substantial farming operations as a hobby or other nonprimary pursuit. H. R. 11544 also would permit refinancing under this subsection only of indebtedness incurred for agricultural purposes, while S. 3429 would permit refinancing only of indebtedness against the farm unit.

Subsection (d) would prohibit farm ownership loans to applicants who are able to obtain loans from other sources at "reasonable rates" (rather than at rates not exceeding 5 percent as now provided) and permit loans to be made on the basis of normal market value (instead of normal earning capacity) in the case of loans on other than family-size farms. The corresponding subsection of H. R. 11544 would make only the latter change, and then only with respect to smaller than

family-size farms since H. R. 11544 does not provide for larger than family-size farms.

Subsection (e) would permit farm mortgage loans to be made on family-type farms having a value in excess of the average value of efficient family-size farms in the community. H. R. 11544 does not contain a similar provision.

Subsection (f) would permit loans to be insured in any one fiscal year for an aggregate of $125 million (instead of $100 million).

Subsection (g) of S. 3429 as introduced would have permitted insurance of loans made for the full value of the farm as certified by the county committee in accordance with the applicable value formula (instead of 90 percent of such value). Direct loans for the full value are now permitted, but the committee felt that this policy shoul not be expanded, and consequently recommends striking subsection (g). The committee felt that it will generally be better both for the borrower and the Government if the borrower is required to put some of his own money into his farm. H. R. 11544 did not have a provision similar to subsection (g), but did contain a provision amending section 12 (c) (5) of the act for technical reasons. The committee does not believe that the House provision is necessary to accomplish its purpose and the existing law can only be construed to have the same effect as it would if amended by the House provision.

Subsection (g) (subsection (h) as introduced) would provide for use of one-half of the mortgage insurance premiums for general expenses of the Farmers' Home Administration (instead of for administration of provisions relating to mortgage insurance as now provided), thereby eliminating the need for separate recordkeeping and annual appropriation act provisions to accomplish this purpose.

Subsection (h) (subsection (i) as introduced) would permit second mortgages to be taken on insured loans (as is now permitted in the case of direct loans, but not in the case of insured mortgages or insured loans), the loan not to exceed 90 percent of the certified value of the farm less the prior lien indebtedness. As introduced the bill would have permitted such insured loans to be made for the full certified value, less the prior lien indebtedness. For the reasons mentioned in recommending deletion of subsection (g) of S. 3429 as introduced, the committee recommends a 90 percent of value limitation in this subsection.

Subsection (i) (subsection (j) as introduced) would authorize farm-mortgage loans to be made or insured under the provisions of title I during the period ending June 30, 1959, for the purpose of refinancing existing secured or unsecured indebtedness of farmers unable to refinance at terms which they can reasonably be expected to meet. Direct refinancing loans would be limited by available appropriations. Insured refinancing loans would be limited to $50 million annually. The committee recommends that this subsection be amended to include language of H. R. 11544 which would specifically restrict these loans to family-size farms and to farmers whose total debt does not exceed the value of the farm, livestock, and equipment. The phrase "less any prior lien indebtedness not to be refinanced," which was contained in the House provision is omitted from the language recommended by the committee however. Since such indebtedness is already taken into account as part of the applicant's total indebtedness, taking it into account, separately, a second time would give it

double weight, which was not intended. As pointed out in the House committee report on H. R. 11544 insured loans for refinancing would be limited to 90 percent of the farm value. Under S. 3429, which permits insurance of second mortgages, such insured mortgages would be limited to 90 percent of the farm value, less the amount of any prior lien. Direct loans for refinancing are not subject to this limitation.

OPERATING LOANS

Section 2 of the bill, which deals with production and subsistence loans, would change the title "Production and Subsistence Loans" to "Operating Loans" (considered as more apt nomenclature), and would amend section 21 of the Bankhead-Jones Farm Tenant Act in the following respects:

Subsection (a) would be amended to limit operating loans to operators of family-type farms, or to operators of less than family-type farms who have adequate supplemental income to meet the loan and their living and operating expenses (such loans having been so limited historically through administrative regulation). The committee recommends further amendment of this subsection, similar to the committee amendment to section 1 (c) of the bill to restrict such loans to bona fide farmers. H. R. 11544 would restrict these loans to bona fide farmers in the same manner H. R. 11544 restricts farm ownership loans to bona fide farmers.

Subsection (b) would be amended to (1) permit 10 percent of the amount appropriated for operating loans each year to be used for loans increasing the aggregate indebtedness of the borrower above the present limit of $10,000, but not above $20,000, and (2) remove the present limit of $7,000 on initial loans. H. R. 11544 would increase the maximum initial loan to $9,000 and the maximum indebtedness to $15,000.

Subsection (c) would be amended only to insert a reference to subsection (d).

Subsection (d) would be amended to permit loans to borrowers who for causes beyond their control have failed to repay their loans within 7 years to be extended or renewed for not to exceed 10 years from the date the original loan was made, and would permit new loans to be made during such extended term. H. R. 11544 limits such additional loans, extensions, and renewals to farmers in disaster areas (natural or economic) who have been prevented by natural causes from making timely repayment. The extended period would be limited to the number of years for which the area has been a disaster area. The committee felt that the House provision does not adequately take care of the situation, since family situations and other matters besides natural causes in disaster areas may prevent able, diligent farmers from making timely payment. Subsection (d) would further be amended to make the prohibition on loans to persons who have failed to liquidate their indebtedness within the maximum period inapplicable to indebtedness incurred prior to November 1, 1946. No loans were made under section 21 of the Bankhead-Jones Farm Tenant Act prior to that date, so the provision of subsection (d) which would be repealed by the bill has been construed to extend section 21 (d) to loans made under prior authority, and serviced or collected by the Farmers' Home Administration. Repeal of this language would remove these loans from the purview of section 21 (d).

SERVICING AND COMPROMISE

Section 3 of the bill deals with the compromising or servicing of loans.

Subsection (a) would amend section 41 (g) of the act to—

(1) Extend the compromise authority (now applicable to agreements under the act) to all agreements administered by the Farmers' Home Administration (such as those made under the disaster loan revolving fund authority of Public Law 38, 81st Cong., 12 U. S. C. 1148a, and the Water Facilities Act);

(2) Increase to $15,000 (from $10,000) the maximum claim which may be compromised by the Secretary of Agriculture without reference to the Secretary of the Treasury or the Attorney General. This committee amendment limiting this increase to $15,000 follows the provision of H. R. 11544;

(3) Permit the release of operating loan borrowers and insured loan and insured mortgage borrowers who transfer the security property to purchasers who assume the secured indebtedness (as is now provided for direct borrowers who transfer their farms to applicants assuming the indebtedness to the Secretary);

(4) permit the release of insured loan and insured mortgage borrowers (in addition to direct borrowers) who transfer their farms to purchasers who assume the secured indebtedness to the extent of the "value" of the farm (instead of the "earning capacity value" since loans to borrowers having supplemental income could be made under the bill on the basis of "market value");

(5) remove the limit ($100 under the act, $1,000 under Public Law 518, 78th Cong., 12 U. S. C. 1150) upon claims which may be charged off or released upon a finding of specified facts showing collection to be improbable, and slightly increase the requirements as to the facts to be found. (The committee recommends insertion of the word "known" in this provision to conform to the corresponding provision of H. R. 11544 and permit charge-off or release of claims against a debtor whose whereabouts are unknown and who has no "known" assets); and

(6) increase to $150 (from $10) the limit on claims which may be charged off or released upon a finding that further collection efforts would be ineffectual or uneconomical.

Subsection (b) would amend section 42 (a) of the act to provide for the use of "county or area committees" (instead of "county committees") in administering the act. H. R. 11544 provides for the use of committees for counties or areas "within a county." In many cases the most satisfactory administrative area might include parts of more than one county, so that your committee believes the language of S. 3429 to be preferable.

Subsection (c) would amend section 43 (d) of the act to authorize sale by the Secretary of less than family-size farms to individuals eligible for farm ownership loans (NOTE.—Section 3 (c) of the bill amends section 43 (d) of the act by striking out "as family-size farms." Section 43 (d), by its terms, requires the sale, as surplus property, of certain lands not suitable for sale "as family-size farms," and thereby prevents their sale on long-term credit under section 43 (a). The lands to which section 43 is applicable by its terms have been entirely

or substantially disposed of, but section 43 is incorporated by reference in section 51 of the act, which deals with the sale of property acquired to secure payment of loans).

Subsection (d) would amend section 44 (a) (3) of the act to prohibit the making or continuation of farm ownership or operating loans to applicants who are able to obtain loans from other sources at "reasonable rates" (rather than at rates not exceeding 5 percent as now provided). H. R. 11544 does not contain this provision.

Subsection (e) would amend section 51 of the act to—

(1) extend section 51 of the Bankhead-Jones Farm Tenant Act, which deals with mortgage servicing authority, to all insured loans (including those in lenders' hands) and loans under all programs administered by the Farmers Home Administration (the only programs not now covered by such authority being credit sales accounts on water conservation and utilization projects transferred to the agency by the Soil Conservation Service and special emergency loans made pursuant to Public Law 727, 83d Cong.).

(2) permit the Secretary to sell or grant rights-of-way or easements over any security property acquired by the Secretary; and

(3) permit advances or expenditures with respect to insured loans or insured mortgages to be paid out of the mortgage insurance fund.

DIFFERENCES BETWEEN H. R. 11544 AND S. 3429 AS MODIFIED BY THE COMMITTEE RECOMMENDATIONS

Differences between H. R. 11544 and S. 3429 have been noted in the section by section analysis. For convenience, those differences are listed below:

(1) Under H. R. 11544 farm ownership or operating loans for less than family-type units would be limited to "bona fide farmers" dependent during one of the previous 10 years on farming and conducting substantial farming operations. Under S. 3429 loans for less than family-type units would be limited to those living on such units whose time is primarily devoted to operating such units and who have historically resided on a farm and engaged in farming as their principal occupation. Refinancing loans could be made to such farmers under H. R. 11544 only to refinance indebtedness incurred for agricultural purposes and under S. 3429 only to refinance indebtedness against the farm unit.

(2) S. 3429 would prohibit farm ownership or operating loans to applicants able to obtain loans from other sources at "reasonable rates" (rather than at rates not exceeding 5 percent as now provided).

(3) S. 3429 would permit farm mortgage loans to be made on family-type farms having a value in excess of the average value of efficient family-size farms in the community.

(4) H. R. 11544 contains a technical amendment to section 12 (c) (5) of the act stated by the House report to be required by the use of market value, instead of earning capacity value on less than family-type farms.

(5) S. 3429 would permit second mortgages to be taken on insured loans.

(6) H. R. 11544 would increase the maximum initial operating loan from $7,000 to $9,000 and increase the maximum operating loan indebtedness from $10,000 to $15,000. S. 3429 would permit the maximum indebtedness of $20,000 in a limited number of cases.

(7) H. R. 11544 would extend the maximum repayment period on operating loans in disaster areas by the number of years the area has been classified as a disaster area. S. 3429 would extend the maximum repayment period to 10 years.

(8) H. R. 11544 would provide for area committees for areas "within a county," while S. 3429 would permit such areas to include parts of more than one county.

(9) H. R. 11544 would increase the maximum amount provided by Public Law 727, 83d Congress, to $65 million. (The Senate on June 11 passed S. 3559, which would increase this to $50 million. S. 3429 contains no provision on this subject.)

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington, D. C., April 11, 1956.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of March 15 for a report on S. 3429, a bill to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

The Department favors enactment of S. 3429.

Enactment of this bill would be a significant improvement in the agricultural credit facilities of this Department and would be a valuable contribution to the solution of some of the pressing credit problems confronting farmers. Briefly, S. 3429 would accomplish the following:

1. Until June 30, 1959, title I loans would be made for refinancing secured and unsecured debts of farmers who are unable to meet the repayment terms of their present debts but who have reasonable likelihood of placing their farming business on a sound basis if their debts are refinanced on more favorable terms. Loans for refinancing are needed particularly by veterans and others who started farming in recent years with high debt obligations. Many of these farmers are experiencing difficulties due to production losses resulting from adverse weather conditions and the fact that current cost-price relationships are less favorable than they were at the time their debts were incurred. This authority would be used only when satisfactory arrangements could not be made with the present creditors or other creditors to extend, reamortize, or refinance the applicant's debts. The total amount of refinancing loans insured during any fiscal year could not exceed $50 million.

2. The essential credit needs of operators of less than family-type farms who have income from other sources would be met under the proposed bill by removing some of the limiting provisions of the

existing law and by proposed additional authorizations. Farmers of this type would be assisted in meeting their operating and farm management credit needs, including their credit needs for housing and other farm buildings. This additional authority would be particularly significant in implementing the rural development program.

3. Loans under title I are now limited to an amount not in excess of the average value of efficient family-type farm-management units in the county. The bill would remove this limitation and thereby permit loans on all family-type farms rather than only those farms which are average or below in value. However, if the bill is enacted, the Department proposes to continue making loans for the acquisition of farms (as distinguished from farm development and refinancing loans) that have value which is not greater than the average value of efficient family-type farms in the area.

4. The bill would authorize insured loans in amounts not in excess of the fair and reasonable value of the farm as certified by the county committee, instead of limiting such loans to 90 percent of that value. This would permit making insured loans on the same basis as that on which direct title I loans and loans under the Water Facilities Act have been made since 1937. Experience with direct loans under title I of the act, the Water Facilities Act of 1937, and title V of the Housing Act of 1949 has demonstrated that sound loans can be made in amounts up to the fair and reasonable value of the farm, based on a normal earning capacity or normal market value appraisal.

5. The provision to increase the loan insurance authority from $100 million to $125 million per year would enable the Department to meet the credit needs of more farmers and permit more extensive use of private funds to achieve the objectives of title I.

6. The loan limit on a portion of the operating loans authorized in title II would be increased. No more than 10 percent of the funds available could be used for operating loans to family-type farmers and ranchers whose credit needs for acquiring livestock, machinery, equipment, and paying annual operating expenses are in excess of $10,000. This increase in the loan limit would make it possible to serve additional family-type farmers and ranchers. Applications for loans for many such family-type farmers and ranchers must now be rejected because their farming operations cannot be soundly financed within the present $10,000 limit. In no event could any loan be made which would cause such indebtedness to exceed $20,000.

7. Loans under title II may be made for not more than 7 years. Borrowers are ineligible for further loans unless they have repaid such loans within 7 years. The bill would permit the extension or renewal of title II loans for not more than 3 years beyond the initial 7 years and authorize the advance of additional funds during this period. This authority is needed in justifiable cases because prolonged drought and other adverse weather conditions in some areas and the present agricultural price-cost relationships have retarded the progress of borrowers in graduating to other sources of credit.

8. If enacted, the bill would change the criteria for determining the availability of credit to applicants and borrowers. This would enable the Department to remain noncompetitive with other sources of credit. The availability of credit would be determined on the basis of credit

being available from other sources at "reasonable rates and terms" rather than at an interest rate "not exceeding the rate of 5 percent per annum." Prevailing interest rates for credit from local private and cooperative sources usually are in excess of 5 percent. The rigid 5-percent yardstick contained in the act is not an appropriate basis for determining whether applicants or borrowers are able to obtain needed credit from other sources.

9. Section 3 of the bill proposes several changes in the authority for servicing Farmers Home Administration loans and security. It is suggested that the proposed amendment to section 41 (g), dealing with debt settlement authority, be further changed by the insertion of the word "known" before the word "assets" in line 1, page 9, of the bill. With this change, debts of borrowers who have been absent from their last-known address for 5 years and whose whereabouts cannot be ascertained without undue expense may be charged off without expensive investigation as to whether such borrowers have any recoverable assets.

10. A number of other changes would be made in the act which would improve, simplify, and make more uniform the loan making and servicing operations.

If S. 3429 is enacted, it would provide a basis and authorization for increasing materially the volume of loans under the act. A substantial part of this increase would be achieved under the broadened authority to make direct and insured loans to farmers, who own and operate farms that are not larger than family-type farms, for dwellings and service buildings.

The President, in a message to the Congress dated April 26, 1955, outlined the need for certain legislation to implement the rural development program. On May 24, 1955, the Department submitted to the Congress a legislative proposal to add to title V to the Bankhead-Jones Farm Tenant Act which would provide authority for loans to part-time and low-income farmers that could not be made under the existing authorities of titles I and II of the act. This proposal was incorporated in S. 2099 (84th Cong., 1st sess.). The essential provisions of that bill are included in S. 3429. Therefore, if S. 3429 is enacted, there would be no need for enactment of S. 2099.

The President's special message on the Great Plains program indicated that this program is largely being implemented within existing legislation, although additional funds and some extensions of legislative authorities may be needed. S. 3429 would further implement the credit phases of the Great Plains program by broadening the authority to refinance existing debts, by providing authority to make larger loans under title II, and by extending in justifiable cases the title II loans up to 10 years.

At present, it does not appear that Congress will need to appropriate for direct title I loans any sums in excess of the level of the current fiscal year. The increased volume of loans that would result from the enactment of this bill could be handled as insured loans. Additional funds needed for title II loans, because of the proposed broadening of the scope of the program, including the rural-development program and assistance to other low-income farmers, is estimated at a minimum of $15 million. The increased number of all types of

loans under the act in the fiscal year 1957 would require an increase in appropriations for administrative expenses of about $2,350,000.

The Bureau of the Budget advises that it has no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

BANKHEAD-JONES FARM TENANT ACT, AS AMENDED

TITLE I—TENANT PURCHASE LOANS AND MORTGAGE INSURANCE

POWER OF SECRETARY

SECTION 1. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized to make loans and to insure mortgages in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico to persons eligible to receive the benefits of this title to enable such persons to acquire, repair or improve family-size farms, or to refinance indebtedness against undersized or underimproved units when loans are being made or insured by the Secretary to enlarge or improve such units. Loans may also be made [to assist borrowers under this title in making the] *or insured for* improvements needed to adjust [their] farming operations to changing conditions.

(b) (1) Except with respect to veterans qualified under subsection (b) (2) of this section, only *farm owners.* farm tenants, farm laborers, sharecroppers, and other individuals [(including owners of inadequate or underimproved farm units)] who obtain, or who recently obtained, [the major portion] *a substantial portion* of their income from farming operations, shall be eligible to receive the benefits of this title. In making available the benefits of this title, the Secretary shall give preference to persons who are married, or who have dependent families, and, wherever practicable, to persons who are able to make an initial downpayment, or who are owners of livestock and farm implements necessary successfully to carry on farming operations. No person shall be eligible who is not a citizen of the United States.

* * * * * * *

(c) [No loan shall be made, or mortgage insured, for the acquisition, improvement, or enlargement of any farm unless it is of such size and type as the Secretary determines to be sufficient to constitute an efficient family-type farm-management unit and to enable a diligent farm family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: Provided, That loans may be made to veterans,

or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, to enable such veterans to acquire, enlarge, repair or improve farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts due on their loans.] *No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: Provided, however, That (1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and—*

(2) loans may be made or mortgages insured to owner-operators who live on units which are less than family-type units, whose time is primarily devoted to operating such units, and who have historically resided on a farm and engaged in farming as their primary occupation to repair or improve such farm units, and to refinance indebtedness against such farm units if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loan.

FUNCTIONS OF COUNTY COMMITTEES

SEC. 2. * * *

(b) If the committee finds that an applicant is eligible to receive the benefits of this Act, that, in the opinion of the committee, by reason of his character, ability, industry, and experience, he will successfully carry out undertakings required of him under a loan which may be made or insured under this Act, that credit sufficient in amount to finance the actual needs of the applicant, specified in the application, is not availableto him at [the] *reasonable* rates [(but not exceeding the rate of 5 per centum per annum)] and terms prevailing in the community in or near which the applicant resides for loans of similar size and character from commercial banks, cooperative lending agencies, or from any other responsible source; and that the farm with respect to which the application is made is of such character that there is a reasonable likelihood that the making or insuring of the loan with respect thereto will carry out the purposes of this title, it shall so certify to the Secretary. The committee shall also certify to the Secretary the amount which the committee finds is the fair and reasonable value of the farm based upon its normal earning capacity. The farm shall be appraised by competent employees of the Secretary thoroughly trained in appraisal techniques and the appraisal shall be made available to the county committee and the Secretary for their guidance in determining the value of farm as specified above [.], *except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm.*

* * * * * * *

TERMS OF LOANS

SEC. 3. (a) [Loans made under this title shall be in such amount (not in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness) as may be necessary to enable the borrower to acquire the farm and for necessary repairs and improvements thereon, and shall be secured by a first or second mortgage or deed of trust on the farm. Loans may not be made for the acquisition or enlargement of farms which have a value, as acquired, enlarged, or improved, in excess of the average value of efficient family-type farm-management units, as determined by the Secretary, in the county, parish, or locality where the farm is located.] *Loans made under this title shall not be in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness, and shall be secured by a first or second mortgage or deed of trust on the farm.*

* * * * * * *

INSURANCE OF MORTGAGES

SEC. 12. * * *

(b) The aggregate amount of principal obligations on all mortgages insured under this title, on all mortgages with respect to which commitments to insure have been made, and on all mortgages accepted for the account of the fund and not disposed of under section 14 shall not exceed [$100,000,000] *$125,000,000* in any one fiscal year. With respect to any fiscal year, one-quarter of the amount available for insurance, commitments and acceptance of mortgages under this title shall be distributed among the several States and Territories on the basis of bona fide applications and the availability of farms with respect to which loans may be insured and the balance shall be distributed on the basis provided in section 4, and preferences shall be given to mortgages executed by veterans qualified under section 1.

* * * * * * *

(c) (1) The Secretary shall collect from the mortgagor for mortgage insurance an annual charge at the rate of 1 per centum of the outstanding principal obligation of the mortgage; the initial charge shall be collected simultaneously with the insurance of the mortgage and shall cover the period from the date of loan closing to the date of the first installment payable on the loan; the next and each succeeding charge shall be computed on the outstanding principal obligation remaining unpaid after the due date of each installment payable on the loan, and shall be payable on or before the next succeeding due date of an installment of principal and interest. If the principal obligation of the mortgage is paid in full in less than five years after the time when the mortgage was entered into, the Secretary may require payment by the mortgagor of the entire annual charge computed for the year then current, and an additional charge equal to the annual charge for such year. The Secretary may modify existing contracts so as to require future payments thereunder in accordance with the provisions of this section.

(2) One-half of the amount paid as charges in pursuance of this subsection shall be the premium for insurance and shall be deposited in the fund and may be used only for purposes to which the fund

may be devoted. The other half of the amounts so paid shall be deposited in the Treasury to the credit of the Secretary and shall be available only for administrative expenses [to carry out the provisions of this title, relating to mortgage insurance.] *of the Farmers' Home Administration and may be transferred annually to that administrative expense account and become merged therewith.*

* * * * * * *

SEC. 16. (a) The Secretary is authorized to insure and to make commitments for the insurance of loans made for the purposes specified in this title (including those made in accordance with the Act of October 19, 1949) and to take as security for the obligations entered into in connection with such loans first *or second* mortgages on the farms with respect to which such loans are made and such other security as may be required by the Secretary. Such mortgages shall create a lien running to the United States for the benefit of the fund, notwithstanding the fact that the note may be held by the lender or his assignee. *Loans insured under this section shall not be in excess of 90 per centum of the amount certified by the county committee to be the value of the farm, less any prior lien indebtedness.*

* * * * * * *

SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers on farms of not more than family size who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. No such loans shall be made to an applicant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebtedness shall be adjusted so as to be within such values. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000.

TITLE II—[PRODUCTION & SUBSISTENCE LOANS] *OPERATING LOANS*

SEC. 21. (a) The Secretary may make loans to farmers and stockmen who *are operators of family-type farms and who* are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence[.]: *Provided, however, That loans may be made to operators who live on units which are less than family-type units, whose time is primarily devoted to operating such units, and who have historically resided on a farm and engaged in farming as their primary occupation if the farm unit is of sufficient size to produce income which, together with the income from other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.*

(b) No loan shall be made under this section for the purchase or leasing of land for the carrying on of any land-purchase or land-leasing program. [No initial loan to any one borrower under this section shall exceed $7,000 and no further loan may be made under this section to a borrower so long as the total amount outstanding, including accrued interest, taxes, and other obligations properly chargeable to the account of the borrower exceeds $10,000.] *No loan may be made to any one borrower under this section which would cause the total principal amount outstanding to exceed $10,000: Provided, however, That an amount not to exceed 10 per centum of the sum made available by annual appropriation for loans under this title may be used for making loans to borrowers which would cause such indebtedness to exceed $10,000 but in no event may any loan be made which would cause such indebtedness to exceed $20,000.*

(c) The terms of loans under this section, including any renewal or extension of any such loan *except as provided in subsection (d) hereof,* shall not exceed seven years from the date the original loan was made.

(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: [until he has paid such indebtedness in full, except that the indebtedness on loans made prior to November 1, 1946, which are being serviced and collected by the Farmer's Home Administration, shall not be subject to the limitations of this section until November 1, 1953.] *Provided, however, That in justifiable cases where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within seven years is due to causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed ten years from the date the original loan was made, and during such extended term may make additional loans to such persons, if necessary.*

* * * * * * *

TITLE IV—GENERAL PROVISIONS

FARMERS' HOME CORPORATION

SEC. 41. * * *

(g) [Compromise or adjust claims and adjust and modify the terms of mortgages, leases, contracts and agreements entered into or administered pursuant to this Act as circumstances may require, in the following manner:] *Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require: Provided, however, That—*

(1) [Compromise of claims of $10,000] *compromise, adjustment, or reduction of claims of $15,000* or more must be effected by reference to the Secretary of the Treasury or to the Attorney General pursuant to the provisions of section 3469 of the Revised Statutes [(U. S. C., 1940 edition, title 31, sec. 194)] (*31 U. S. C. 194*);

[(2) Claims of less than $10,000 may be compromised or may be adjusted or reduced on the basis of a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment; releases from personal

liability may also be made with or without the payment of any consideration at the time of adjustment of—]

(2) compromise, adjustment, or reduction of claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

(3) releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

(A) borrowers who have transferred [their farms] *the security property* to other approved applicants under agreements assuming the outstanding *secured* indebtedness [to the Secretary under this title]; and

(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness [to the Secretary] *against the farm* which is equal to the [earning capacity] value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

[(C) no compromise or adjustment]

(4) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this Act; *and*

[(3) Any] *(5) any* claim [of $100 or less,] which has been due and payable for [three] *five* years or more, and where the debtor has no assets from which the claim could be collected *and has no apparent future debt payment ability*, or is deceased and has left no estate, or has been absent from his last known address for a period of at least [two] *five* years, *has no known assets*, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: Provided, *however*, That claims [of $10] *involving a principal balance of $150* or less may be [canceled and] *charged off or* released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical[; and].

(h) Collect all claims and obligations arising or administered under this Act, or under any mortgage, lease, contract, or agreement entered into or administered pursuant to this Act and, if in his judgment necessary and advisable, pursue the same to final collection in any court having jurisdiction. All legal work arising out of such claims and obligations, including, but not limited to, the prosecution and defense of all litigation, is authorized to be performed, as determined by the Solicitor of the Department of Agriculture, through the Department of Justice, by attorneys of the Office of the Solicitor of the Department of Agriculture, or by local counsel approved by the

Solicitor of the Department of Agriculture, whose fees, upon approval by the Solicitor, shall be paid by the Secretary; and

(i) Make such rules and regulations and such delegations of authority as he deems necessary to carry out this Act.

COUNTY COMMITTEES

SEC. 42. (a) The Secretary is authorized and directed to appoint in each county *or area* in which activities are carried on under this Act a county *or area* committee composed of three individuals residing in the county *or area*, at least two of whom shall be farmers residing on a farm and deriving the principal part of their income form farming. In making the first appointments pursuant to the amendments made by Farmers' Home Administration Act of 1946, the Secretary shall designate one member of each committee to serve for a period of one year, one member to serve for a period of two years, and one member to serve for a period of three years. All subsequent appointments shall be for a three-year period. The Secretary may appoint an alternate for each member of each committee who shall have the same qualifications and be appointed for the same term as such member. The members of each committee shall elect one member to serve as chairman. Members of the committees and their alternates shall be removable for cause by the Secretary.

* * * * * * *

SEC. 43. * * *

(d) Real and personal property comprising such projects which is not determined by the Secretary to be suitable for sale [as family-size farms] as provided in (b) hereof, or which is not granted or dedicated as provided in (c) hereof, shall, within eighteen months after the effective date of the Farmers' Home Administration Act of 1946, either be transferred by the Secretary to appropriate agencies of the United States for disposition as surplus property of the United States or be sold by the Secretary at public or private sale to any individual or corporation at the best price obtainable, after public notice, for cash or on secured credit, without regard to the laws governing the disposition of surplus real or personal property of the United States: *Provided, however,* That in the case of all sales on credit under this subparagraph (d) the Secretary shall obtain an initial cash payment of at least 20 per centum of the sales price and the remainder shall be paid in equal annual installments within a term not in excess of five years: *Provided further,* That whenever it is found by the Secretary that it is not practicable to dispose of lands reserved for sale pursuant to subparagraph (b) hereof under the provisions of title I of this Act, such lands may be sold by the Secretary under the authority of this subparagraph (d).

* * * * * * *

SPECIAL CONDITIONS AND LIMITATIONS ON LOANS

SEC. 44. The Secretary, under this Act—

(a) Shall make no loan—

(1) to any corporation or cooperative association;

(2) unless the appropriate county committee certifies in writing that the applicant is eligible to obtain such loan and

that, in the opinion of such committee, he will honestly endeavor to carry out undertakings and obligations required of him under a loan which may be made by the Secretary;

(3) to any person, unless the applicant represents in writing, and it is administratively determined by the Secretary, after a certification to such effect by the appropriate county committee, that credit sufficient in amount to finance the actual needs of the applicant is not available to him at [the] *reasonable* rates [(but not exceeding the rate of 5 per centum per annum)] and terms prevailing in the community in or near which the applicant resides for loans of similar size and character from commercial banks, cooperative lending agencies, or from any other responsible source;

(4) for the carrying on of any land-purchase or land-leasing program, or for the purpose of carrying on any operations in collective farming, or cooperative farming, or for the organization, promotion, or management of homestead associations, land-leasing associations, land-purchasing associations, or cooperative land-purchasing for colonies of rehabilitants and tenant purchasers, except for the liquidation as expeditiously as possible of any such projects heretofore initiated.

(b) Shall, except as otherwise specifically provided by the Congress, make all loans at the interest rate of 5 per centum per annum evidenced by notes requiring full liability of the maker and upon such security and such other terms and conditions as the Secretary may prescribe, including such provisions for the supervision of the borrower as the Secretary shall deem necessary to protect his interests.

(c) Shall, in the case of every loan, require in the loan and security instruments that if at any time it shall appear to the Secretary that the borrower may be able to obtain a loan from a production credit association, Federal land bank, or other responsible cooperative or private credit source at *reasonable* rates [(but not exceeding the rate of 5 per centum per annum)] and terms for loans for similar periods of time and purposes prevailing in the area in which the loan is to be made, the borrower shall, upon request of the Secretary, apply for and accept such loan in sufficient amount to repay the Secretary and to pay for any stock necessary to be purchased in the cooperative lending agency in connection with the loan. *Provided, however,* That in the case of mortgage loans heretofore or hereafter insured under this title, the Secretary may at his discretion delay his request for refinancing until the borrower has acquired a sufficient equity in the farm to enable the holder of the insured mortgage to refinance the loan on an uninsured basis under laws or regulations to which he may be subject.

* * * * * * *

BID AT FORECLOSURE

SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, *insured by* or acquired by the Secretary under [this Act, the Act of August 14, 1946, the Act of April 6, 1949, the Act of August 28, 1937, or the item "Loans to Farmers, 1948, Flood Damage" in the Act of June 25, 1948,

as those Acts are heretofore or hereafter amended or extended] *any programs administered by the Farmers Home Administration*; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; *to sell or grant rights-of-way or easements over such property*; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act.

SUPPLEMENTAL VIEWS ON S. 3429 BY SENATOR HUMPHREY OF MINNESOTA

While concurring in the favorable committee report on the bill (S. 3429), I wish to express supplemental views on improvements that in my opinion need to be made before enactment. In my judgment, unless these changes are made, the measure could weaken rather than strengthen the credit situation of family farmers.

YARDSTICK FUNCTIONS OF FARMERS' HOME ADMINISTRATION SHOULD BE PRESERVED

Subsection 1 (d) of the bill should be amended to strike out the first sentence and make necessary language changes in the second sentence.

The sentence that we urge be struck out would very largely eliminate the yardstick character of Farmers' Home Administration loans to family farmers. The bill passed by the House of Representatives (H. R. 11544) does not contain this provision.

Under existing law, a prospective borrower is not eligible to obtain a direct or insured farm ownership loan from Farmers' Home Administration if he is able to obtain needed credit from other available sources at "not more than 5 percent interest." The first sentence of subsection 1 (d) and subsection 3 (d) would eliminate this limitation upon the outside rate of interest and substitute for 5 percent the word "reasonable." The record of subcommittee hearings indicates that this change was recommended by the executive branch to enable Farmers' Home Administration to reject loan applications from any farmer who was able to obtain the needed loan at any higher rate of interest than 5 percent, to rise along with the high interest rate policies of the executive branch as they are reflected in going rates of interest in local areas. The Department of Agriculture witness testified that the word "reasonable" would be interpreted to mean interest rates as high as 6, 7, or 8 percent or higher if going interest rates in local areas should be at such levels.

To make this change in existing legislation would place the Farmers' Home Administration in the position of joining the race to higher and higher interest rates on farm loans. The minority does not believe such a move is consistent with the original intent of the farm ownership credit provisions of the Bankhead-Jones Farm Tenant Act, as amended Maintaining the 5 percent limitation will help to discourage the rising trend of farm loan interest rates and charges to farmers. The interest payment component of the parity index of farm costs has risen faster than any other component of that index. Eliminating the 5 percent limitation will make the increase of farmers' interest payments even more rapid.

INCREASE LOAN SIZE LIMITATION

In order to keep pace with the growing costs of farmer operations, the maximum size limitation of initial loans and total indebtedness of Farmers' Home Administration operating loan borrowers should be

increased further than the subcommittee has proposed. The measure increases the present $7,000 to $10,000. That increase, in my opinion, should be extended to $12,000 plus the bill's proposal for authorizing use of 10 percent of the amount appropriated for operating loans each year for loans increasing the aggregate indebtedness of the borrower above the present limit of $10,000, but not above $20,000.

LOANS TO DISASTER STRUCK ORCHARDISTS

I wish to express myself as in accord with the attitude expressed in the House Agriculture Committee's report on H. R. 11544 relating to the existing authority of the Secretary of Agriculture to deal adequately with the credit and repayment schedule needs of orchardists whose trees have been killed by unseasonably cold weather, as follows:

> Loans to Orchardists
>
> Some of the bills considered by the committee proposed special provisions for disaster loans to orchardists, including deferment of repayments until new trees come into production. Public Law 38 of the 81st Congress now authorizes the Secretary to make such loans in disaster areas, such as the area in Oregon and Washington where many orchard trees were killed by last year's early heavy freeze, and the committee anticipates the Secretary will exercise this authority. It also authorizes the Secretary to set the terms and conditions for the repayment of such loans. The committee believes that the terms of loans of this character should be such as would afford real assistance to producers who suffer various kinds of production losses. Consequently, if the purpose of the loan is to reestablish an orchard destroyed by the disaster and repayment is to be expected solely from the production of the orchard, the first repayment installment should be deferred until income is expected from the reestablished orchard. The problem of liquidity of the revolving fund, which may be affected by such deferments, is one to be met when there is need for additional money in the revolving fund, and is not a problem which should be solved by amending the existing broad authority of the Secretary.

CONCLUSIONS

The proposed bill will not meet the overall credit needs of hard-pressed family farmers. I do believe, however, that if the bill is amended in the ways I have recommended it would be an improvement over the existing situation. I support it on that basis and with those reservations. I urge careful consideration, however, of the changes suggested. Certainly we do not wish to weaken the family farm credit structure of the Nation in the guise of improving it. We ought not to adopt legislation which will force increasing numbers of farmers to pay ever-increasing rates of interest. Certainly we do not want such legislation to be an entering wedge in the drive to again raise the interest rates on all Farmers' Home Administration loans.

Calendar No. 2563

84TH CONGRESS
2D SESSION

S. 3429

[Report No. 2526]

IN THE SENATE OF THE UNITED STATES

MARCH 13, 1956

Mr. AIKEN (for himself, Mr. ANDERSON, Mr. SCHOEPPEL, Mr. HOLLAND, Mr. THYE, Mr. CARLSON, Mr. EASTLAND, Mr. HICKENLOOPER, Mr. ALLOTT, Mr. DUFF, Mr. KUCHEL, Mr. DIRKSEN, Mr. FREAR, Mr. WELKER, Mr. STENNIS, Mr. WILLIAMS, Mr. YOUNG, Mr. BIBLE, and Mr. FLANDERS) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

JULY 11, 1956

Reported by Mr. HOLLAND, with amendments

[Omit the part struck through and insert the part printed in italic]

A BILL

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

Section 1. (a) is amended by striking from the second

sentence thereof the words "to assist borrowers under this title in making the" and inserting in lieu thereof the words "or insured for" and by striking the word "their" preceding the words "farming operations".

(b) Section 1 (b) is amended by inserting after the word "only" in the first sentence the words "farm owners", by striking the words "(including owners of inadequate or underimproved farm units)" and by inserting in lieu of the words "the major portion" the words "a substantial portion".

(c) Section 1 (c) is amended to read as follows:

"No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: *Provided, however,* That (1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and—

"(2) loans may be made or mortgages insured to owner-operators who live on units which are less than

family-type units, *whose time is primarily devoted to operating such units, and who have historically resided on a farm and engaged in farming as their primary occupation* to repair or improve such farm units and to refinance indebtedness against such farm units if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loans."

(d) Section 2 (b) is amended by striking from the first sentence thereof the word "the" preceding the word "rates" and inserting in lieu thereof the word "reasonable", and by striking the words "(but not exceeding the rate of 5 per centum per annum)". The second sentence of said subsection is amended by striking the period at the end thereof and inserting a comma and the following "except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm".

(e) Section 3 (a) is amended to read as follows:

"SEC. 3. (a) Loans made under this title shall not be in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness, and shall be secured by a first or second mortgage or deed of trust on the farm."

(f) Section 12 (b) is amended by striking the figure "$100,000,000" and inserting in lieu thereof the figure "$125,000,000".

~~(g) Section 12 (c) is amended by striking item (5) thereof and inserting in lieu thereof a new item (5) reading as follows:~~

~~"(5) Loans insured under this section shall not be in excess of the amount certified by the county committee to be the fair and reasonable value of the farm."~~

~~(h)~~ *(g)* Section 12 (e) is amended by striking from the last sentence of item (2) the words "to carry out the provisions of this title, relating to mortgage insurance" and by inserting in lieu thereof the words "of the Farmers' Home Administration and may be transferred annually to that administrative expense account and become merged therewith".

~~(i)~~ *(h)* Section 16 (a) is amended by inserting in the first sentence thereof before the word "mortgages" the words "or second" and by adding the following sentence at the end of said subsection: "Loans insured under this section shall not be in excess of *90 per centum of* the amount certified by the county committee to be the value of the farm, less any prior lien indebtedness."

~~(j)~~ *(i)* The following new section 17 is added:

"SEC. 17. Until June 30, 1959, the purposes for which

loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers *on farms of not more than family size* who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. *No such loans shall be made to an applicant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebtedness shall be adjusted so as to be within such values.* The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000."

SEC. 2. Title II of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words "Production and Subsistence Loans" in the title and inserting in lieu thereof the words "Operating Loans", and by the amendment of section 21 to read as follows:

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of

livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence: *Provided, however,* That loans may be made to operators ~~of less than family-type units~~ *who live on units which are less than family-type units, whose time is primarily devoted to operating such units, and who have historically resided on a farm and engaged in farming as their primary occupation* if the farm unit is of sufficient size to produce income which, together with the income from other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No loan may be made to any one borrower under this section which would cause the total principal amount outstanding to exceed $10,000: *Provided, however,* That an amount not to exceed 10 per centum of the sum made available by annual appropriation for loans under this title may be used for making loans to borrowers which would cause such indebtedness to

exceed $10,000 but in no event may any loan be made which would cause such indebtedness to exceed $20,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed seven years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: *Provided, however,* That in justifiable cases where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within seven years is due to causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed ten years from the date the original loan was made, and during such extended term may make additional loans to such persons, if necessary."

SEC. 3. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

(a) Section 41 (g) is amended to read as follows:

"(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and

agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require: *Provided, however,* That—

"(1) ~~Compromise~~ *compromise,* adjustment or reduction of *claims of $15,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General pursuant to the provisions of section 3469 of the Revised Statutes (31 U. S. C. 194);*

"*(2) compromise, adjustment, or reduction of* claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

"~~(2)~~ ~~Releases~~ *(3) releases* from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

"(A) borrowers who have transferred the security property to other approved applicants under agreements assuming the outstanding secured indebtedness; and

"(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding

indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"~~(3)~~ *(4)* no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this Act; and

"~~(4)~~ *(5)* any claim which has been due and payable for five years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt payment ability, or is deceased and has left no estate, or has been absent from his last known address for a period of at least five years, has no *known* assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided, however,* That

claims involving a principal balance of $150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical."

(b) The first sentence of section 42 (a) is amended by inserting after the word "county" in each of three places the words "or area".

(c) Section 43 (d) is amended by striking the words "as family-size farms".

(d) Section 44 (a) (3) is amended by striking the word "the" as it appears before the word "rates" and inserting in lieu thereof the word "reasonable" and by striking the words "(but not exceeding the rate of 5 per centum per annum)", and section 44 (c) is amended by inserting before the word "rates" the word "reasonable" and by striking the words "(but not exceeding the rate of 5 per centum per annum)".

(e) Section 51 is amended to read as follows:

"SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by or acquired by the Secretary under any programs administered by the Farmers Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged,

conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act. Any advance or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortgage insurance fund."

Calendar No. 2563

84TH CONGRESS
2D SESSION

S. 3429

[Report No. 2526]

A BILL

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

By Mr. AIKEN, Mr. ANDERSON, Mr. SCHOEPPEL, Mr. HOLLAND, Mr. THYE, Mr. CARLSON, Mr. EASTLAND, Mr. HICKENLOOPER, Mr. ALLOTT, Mr. DUFF, Mr. KUCHEL, Mr. DIRKSEN, Mr. FREAR, Mr. WELKER, Mr. STENNIS, Mr. WILLIAMS, Mr. YOUNG, Mr. BIBLE, and Mr. FLANDERS

MARCH 13, 1956
Read twice and referred to the Committee on Agriculture and Forestry

JULY 11, 1956
Reported with amendments

S. 3429

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 13, 1956
For actions of July 12, 1956
84th-2nd, No. 118

CONTENTS

Accounting.....30
Animal disease.....1,27
Appropriations.....1,26,42
Atomic energy.....7,40
Attaches.....1
Budgeting.....30
Conservation.....1,39
Cotton.....17,33
Dairy industry.....21
Depressed areas.....11
Electrification.....13
Executive communications.....18
Expenditures.....20
Farm credit.....9,34
FCIC.....1
Fertilizer.....20
FHA.....1,38
Fisheries.....35
Flood insurance.....3
Foreign affairs.....14,41
Foreign aid.....23
Forestry.....25
FS.....1
Guar seed.....2
Grain storage.....17
Housing.....22
Insect control.....37
Legal officers.....17
Legislative program.....17
Livestock.....10
Loans, farm.....8
Marketing.....17
Natural resources.....5
Personnel.....6,18,29
Poultry.....36
Property.....31
Public Law 480.....2
Reclamation.....4,15,19
Research.....1,27
Rubber laboratories.....18
School lunch.....26
Security.....12,29
Sheepherders.....14
Soil bank.....20
Stockpiling.....24
Taxation.....20
Trade, foreign.....2
Water.....16,28
Watersheds.....17
Wool.....32

HIGHLIGHTS: Senate passed bill to amend Bankhead-Jones Farm Tenant Act. Senate passed Intermediate Credit Banks bill. Senate committee reported area assistance bill. Senate agreed to resolution extending study of employee security program. Senate committee ordered reported water rights settlement bill. House passed supplemental appropriation bill. House Rules Committee cleared Public Law 480 authorization increase bill. Rep. Saylor discussed his bill on wilderness preservation. House committees ordered reported point-of-order bill and flood insurance bill.

HOUSE

1. APPROPRIATIONS. Passed with amendments H. R. 12138, the supplemental appropriation bill for 1957, having previously defeated a motion to recommit by a vote of 370 to 24. pp. 11350, 11355 (For items of interest to this Department, see Digests No. 113 and 114.)

   The Agriculture Committee ordered reported H. R. 11682, to authorize certain point-of-order items now carried in USDA appropriation bills relative to the control and eradication of certain animal diseases, to facilitate the carrying out of agricultural conservation and related agricultural programs, to facilitate the agricultural attache program, and to facilitate the operations of FHA, FCIC, and FS. p. D788

2. FOREIGN TRADE. The Rules Committee reported a resolution for consideration of H. R. 11708, to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, (Public Law 480, 83rd Congress), so as to increase from $1,500,000,000 to $3,000,000,000 the amount for purposes of title I of the Act, to authorize assistance to American-sponsored schools abroad, and to amend the provision against agreements with communist-dominated countries. p. 11397

   Passed as reported H. R. 9396, to amend the Tariff Act of 1930, so as to place guar seed on the free list. p. 11398

July 12, 1956

3. FLOOD INSURANCE. The Banking and Currency Committee ordered reported S. 3732, to provide insurance against flood damage. p. D789

4. RECLAMATION. Agreed to the conference report on S. 1622, to authorize the Secretary of the Interior to make payment for certain improvements located on public lands in the Rapid Valley unit, S. Dak., of the Missouri River Basin project. p. 11404

5. NATURAL RESOURCES. Rep. Saylor spoke in support of his bill H. R. 11703, to establish a National Wilderness Preservation system. p. 11413

6. PERSONNEL. The Foreign Affairs Committee reported with amendment S. 3481, to increase the salaries and provide other benefits for employees in the Foreign Service (H. Rept. 2696). p. 11424

7. ATOMIC ENERGY. The Joint Committee on Atomic Energy reported the following bills: p. 11424

H. R. 9743, with amendment, to encourage maximum development of atomic energy reactors for the generation of low-cost electric power, and the production, utilization, and treatment of special nuclear and other materials (H. Rept. 2694).

H. R. 12215, without amendment, to amend the Atomic Energy Act of 1954, as amended (H. Rept. 2695).

SENATE

8. FARM LOANS. Passed with amendments H. R. 11544, to improve and simplify the credit facilities available to farmers, and to amend the Bankhead-Jones Farm Tenant Act. Agreed to an amendment by Sen. Stennis authorizing insurance on loans in amounts not exceeding $15,000 per farm for the construction, improvement, repair, or replacement of farm dwellings and other buildings on farms the operation of which requires no more than 3 farm families or 3 farm dwellings. Rejected an amendment by Sen. Humphrey to authorize loans at a "reasonable" rate of interest, rather than not exceeding 5% per annum as provided in the bill. Substituted the language of S. 3429, a similar bill, for the text of the House bill. Conferees were appointed. pp. 11322, 11326

9. FARM CREDIT. Passed with amendments H. R. 10285, to merge production credit corporations in Federal intermediate credit banks, to provide for retirement of Government capital in Federal intermediate credit banks, and to provide for supervision of production credit associations. Agreed to an amendments by Sen. Barrett providing for the gradual transfer over a 3-year period of the capital funds of the banks involved; and by Sen. Holland to continue Government budgetary supervision over the banks until the farmers had actually bought and paid for 15 percent of the capital stock. p. 11318

10. LIVESTOCK. Sen. Langer inserted a resolution of the N. Dak. Stockmen's Assoc. relating to various aspects of the livestock industry. p. 11238

11. AREA ASSISTANCE. The Labor and Public Welfare Committee reported with amendments S. 2663, to establish an effective program to alleviate conditions of excessive unemployment in certain economically depressed areas (S. Rept. 2555). p. 11241

12. EMPLOYEE SECURITY. Agreed to S. Res. 294, extending further the time for a study of the Government employees security program. p. 11257

Therefore, the salutary purposes of keeping these institutions in such a position will be that they will benefit from Government advice, and Government help will be maintained. The other very great benefit of having the ownership passed to the people who are affected will be conveyed by the pending bill.

I invite the Senator's attention to the fact that already the land banks are fully farmer owned and that already, by legislation which we passed last year, we have accomplished the same objective with reference to the banks for cooperatives, except that they will take a little while to finish retirement of Government capital. Already 440 of the production credit associations, which are the ones nearest home, are completely farmer owned. So, this measure will complete the objective to which Congress addressed itself in 1953 when it declared for farmer ownership, farmer control, and farmer interest, the vital interest which comes from ownership and control.

Mr. STENNIS. I thank the Senator for his fine answer. But I should like, if I may, to put my question in another way. In case there is distress to these credit agencies, the recommendations which the committee makes are based on the assumption that Congress, in light of new circumstances, could still come to their aid with additional revolving funds or such added capital, as might be necessary.

Mr. HOLLAND. The Senator is entirely correct.

Mr. STENNIS. I believe the Senator said he thought this bill, if enacted, would strengthen these associations financially; did he not?

Mr. HOLLAND. It would strengthen them financially, and also make them decidedly more economical in operation. Of that fact there can be no doubt.

I may say to the Senator that it is a very fine administration which has been going on with respect to the Federal land banks, one in each district entirely owned by the farmers and operated by them, and a fine administration which is going on in the banks for cooperatives. All those things indicate it is wise to take this last remaining step and to entrust the farmers of the United States themselves with primary responsibility for the operation of this huge credit structure which has meant so much to them and which we think will mean even more to them when they themselves are clothed with greater responsibility for administration and management.

Mr. STENNIS. Mr. President, I thank the Senator from Florida very much for his fine work and for his explanation of the bill.

I am particularly interested in the New Orleans Farm Credit District which serves the State of Mississippi. The total net worth of the Federal Intermediate Credit Bank in this district for December 31, 1956, is estimated to be $8,148,498, and for this same time the total net worth of the Production Credit Corporation is estimated to be $3,018,631, or a combined total net worth for the two amounting to $11,167,129.

I understand that after the merger, on January 1, 1957, the net worth of the Federal Intermediate Credit Bank will be increased to $13,852,129. Mr. President, I have a table which gives a detailed breakdown of the net worth of the Production Credit Corporation and the Federal Intermediate Credit Bank in the New Orleans district and the breakdown of net worth before and after merger. I should like to have this table printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

New Orleans Farm Credit District—Estimated net worth, Dec. 31, 1956

Federal Intermediate Credit Bank:	
Capital stock	$5,000,000
Earned surplus	3,148,498
Total net worth	8,148,498
Production Credit Corporation:	
Capital stock	2,020,000
Reserves	998,631
Total net worth	3,018,631

Estimated net worth, Federal Intermediate Credit Bank after merger, Jan. 1, 1957

Capital stock:	
From FICB	$7,685,000
From PCC	1,710,795
From PCA's:	
Subscription	927,615
Paid in 2 years	618,410
First payment	309,205
Total capital	9,705,000
Surplus:	
From FICB	3,148,498
From PCC	998,631
Total surplus	4,147,129
Total net worth	13,852,129

Mr. HOLLAND. Mr. President, no Member of the Senate has been more interested in the stabilization of the situation of our farmers than has the distinguished Senator from Mississippi. I realize that he has been properly concerned about this matter, and I can say to him, from the very depths of my own conviction, that this measure is in the interest of the farmers. If I did not think so, I would not favor it.

Mr. STENNIS. I appreciate the Senator's judgment, and I thank him for his fine work.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wyoming [Mr. BARRETT] on behalf of himself and other Senators.

The amendment was agreed to.

Mr. SCHOEPPEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SCHOEPPEL. Mr. President, is the bill open to further amendment?

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SCHOEPPEL. Mr. President, I call up my amendment designated "6-27-56-B," and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Kansas will be stated.

The CHIEF CLERK. On page 23, line 21, it is proposed to strike out all after "101" down to and including line 7 on page 24, and insert in lieu thereof the following: "the words 'production credit corporations'; and from sections 302 and 303 the words 'production credit corporations.'"

Mr. SCHOEPPEL. Mr. President, I wish to be perfectly frank. I have offered this amendment by reason of the position which I understand the Budget Bureau has taken with reference to certain sections of the bill.

Each of the 12 Federal intermediate credit banks is now controlled by a board of directors consisting of 5 directors elected by private farm organizations and 2 directors appointed by the Government. Twelve of the 13 members of the Farm Credit Board, which supervises the banks on behalf of the Government, are nominated by the some organizations represented on the boards controlling the banks. Boards composed largely of members appointed by and representing private interests cannot be expected to and are not fully responsive to presidential direction and control.

In view of the foregoing, budget control remains the only effective authority possessed by the President and the Congress which can be utilized to assure that the Government's substantial financial interests—$82 million in capital investment plus large contingent liabilities—are protected and that the banks' operations are conducted efficiently and economically and in conformity with law and public policy. If this control is removed, the Government will remain responsible for the banks, but the President and the Congress will be deprived of the authority necessary to carry out this responsibility—indeed, they will lack the advance information necessary to determine what policy or other issues there may be which they might wish to act upon.

The Senate committee report justifies removal of budget control solely on the basis of the precedent of the Federal land banks and banks for cooperatives which were classified as mixed-ownership corporations and, therefore, not made subject to the budget provisions of the Government Corporation Control Act at the time it was enacted in 1945. No reference is made to the fact that when Congress enacted legislation in 1950 and 1954 to provide for retirement of Government capital in the Federal Savings and Loan Insurance Corporation and the Federal National Mortgage Association, it retained budget control over those corporations even though they had been converted to a status comparable to that of corporations classified as mixed-ownership in the Control Act. The status of the Federal intermediate credit banks, after enactment of H. R. 10285, will be much more akin to that of the Federal National Mortgage Association than the Federal land banks.

Unlike the Federal intermediate credit banks, the Federal land banks, except for the depression years, have been substantially privately capitalized institutions and retired all of the Government-owned capital stock in 1947. There would be no serious objection to the removal of budget control when and if the Federal intermediate credit banks attain the present status of the Federal land banks

which have now retired all of the Government capital.

A strong case can be made for bringing the banks for cooperatives under budget control. The Government at present owns almost 90 percent of the capital stock in these banks. The House Appropriations Committee as early as 1947 urged that the banks for cooperatives, and other similar "mixed ownership" corporations, be brought under budget control. The committee pointed out that the Government's financial stake in these corporations "is such that to leave them free of this control is to leave a segment of the Government's business interests (which could result in heavy drains on the public purse) without the close supervision by the Congress which can only be obtained through annual budget review.

Mr. President, I wish to say, quite frankly, that I am interested in this measure. In checking the membership of the Senate, I am absolutely certain that there is an overwhelming desire to pass the measure, especially in view of the fact, as I understand, that the senior Senator from Florida will offer an amendment that goes to at least a portion of the budgetary control, as he will later explain. Because of the importance of the measure—I know it is important—I ask unanimous consent to withdraw my amendment at this time.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Kansas is withdrawn.

Mr. HOLLAND. Mr. President, I very much appreciate the action and the attitude of the distinguished Senator from Kansas. The Director of the Budget is concerned because he felt that in striking the intermediate credit banks entirely from the budget provisions of the Government Corporation Control Act, as amended, we were moving too fast; that we were taking away the Government budgetary supervision, when the Government was still almost entirely the owner of the institutions.

The committee considered that question and discussed it with the directors of the Farm Credit Administration. We think that is a point to be considered carefully, but we think that point can better be met by an amendment which I shall submit in a moment, and which will put the action in this case, if the amendment shall be adopted, on a quite comparable basis with what was done last year with reference to the banks for cooperatives.

The Senator from Kansas will remember that last year, when legislation was passed for the bank for cooperatives, 12 percent of the stock was farmer-owned and 88 percent was Government-owned. Of course, a provision was included whereby, year after year, the Government stock would be bought by the farmer-owners.

If there should be included in the bill the amendment which I am about to propose, the operation would be in this fashion: until the farmers had actually bought and paid for 15 percent of the capital stock, the budgetary supervision of the Government now existing would be continued.

As the Senator will recall, the measure requires that in the beginning the production credit associations must subscribe for 15 percent of the capital stock, but they are given three payments in which to accomplish the purchase—1 payment to be made next January 1, 1 payment to be made January 1, 1958, and 1 payment to be made January 1, 1959.

So the amendment which has been prepared provides that until the last payment has been completed, and until 15 percent of the Government stock has been retired and has actually become farmer-owned, the present budgetary supervision of the Government will continue.

That means that whereas we took that action in the case of the bank for cooperatives when only 12 percent of the stock was privately owned, we postponed the date of elimination of Federal budgetary control in this case until 15 percent has been actuallly paid for in full. The committee felt that that was a fair way to deal with the situation, by reason of several facts, the main one of which was that these institutions are larger and they deal in a larger annual volume of business than do the banks for cooperatives. Therefore it was felt that to require 15 percent actual ownership, fully paid for, was comparable with the 12 percent ownership which was required in the case of bank for cooperatives.

The amendment has been approved by the directors of the Farm Credit Administration and it was approved by the committee, as the Senator will recall, the day before yesterday. I shall submit it as an amendment by myself, but with the explanation to the Senate that the committee has agreed to my offering it.

Mr. SCHOEPPEL. I thank the Senator from Florida. As I indicated a while ago, I felt there should be a detailed explanation in the RECORD, pointing out some of the reasons why the Bureau of the Budget took this position.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Kansas will state it.

Mr. SCHOEPPEL. Do I understand that the amendment I offered has been withdrawn?

The PRESIDING OFFICER. The Senator from Kansas withdrew his amendment, which he had a right to do.

Mr. HOLLAND. Mr. President, I now offer my amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Florida will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 24, line 3, it is proposed to strike the word "act" and insert in lieu thereof the word "subsection."

On page 25, line 2, after the numeral "1", it is proposed to strike out "next following its enactment" and insert in lieu thereof "1957, except subsections (a) and (b) of section 201, which shall become effective January 1, 1959."

Mr. HOLLAND. Mr. President, I have already described the operation of the amendment. I hope it will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Florida [Mr. HOLLAND].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 10285) was read the third time and passed.

Mr. CLEMENTS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

IMPROVEMENT OF CREDIT FACILITIES FOR FARMERS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2563, S. 3429.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3429) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Agriculture and Forestry with amendments, on page 3, line 1, after the word "units", to insert "whose time is primarily devoted to operating such units, and who have historically resided on a farm and engaged in farming as their primary occupation"; on page 4, after line 3, to strike out:

(g) Section 12 (c) is amended by striking item (5) thereof and inserting in lieu thereof a new item (5) reading as follows:

"(5) Loans insured under this section shall not be in excess of the amount certified by the county committee to be the fair and reasonable value of the farm."

At the beginning of line 10, to strike out "(h)" and insert "(g)"; at the beginning of line 17, to strike out "(i)" and insert "(h)"; in line 21, after the word "of" where it appears the first time, to insert "90 per centum of"; at the beginning of line 24, to strike out "(j)" and insert "(i)"; on page 5, line 3, after the word "farmers", to insert "on farms of not more than family size"; in line 9, after the word "fulfill", to insert "No such loans shall be made to an appli-

cant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebtedness shall be adjusted so as to be within such values"; on page 6, at the beginning of line 9, to insert "(2) less than family type units" and insert "who live on units which are less than family-type units, whose time is primarily devoted to operating such units, and who have historically resided on a farm and engaged in farming as their primary occupation"; on page 8, line 4, after the numeral "(1)", to strike out "Compromise" and insert "compromise"; in line 5, after the word "of", to insert "claims of $15,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General pursuant to the provisions of section 3469 of the Revised Statutes (31 U. S. C. 194)"; at the beginning of line 9, to insert "(2) compromise, adjustment, or reduction of"; at the beginning of line 15, to strike out "(2) Releases" and insert "(3) releases"; on page 9, at the beginning of line 11, to strike out "(3)" and insert "(4)"; at the beginning of line 15, to strike out "(4)" and insert "(5)"; in line 21, after the word "no", to insert "known", so as to make the bill read:

Be it enacted, etc., That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

Section 1 (a) is amended by striking from the second sentence thereof the words "to assist borrowers under this title in making the" and inserting in lieu thereof the words "or insured for" and by striking the word "their" preceding the words "farming operations."

(b) Section 1 (b) is amended by inserting after the word "only" in the first sentence the words "farm owners", by striking the words "(including owners of inadequate or underimproved farm units)" and by inserting in lieu of the words "the major portion" the words "a substantial portion."

(c) Section 1 (c) is amended to read as follows:

"No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: *Provided, however*, That (1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and—

"(2) loans may be made or mortgages insured to owner-operators who live on units which are less than family-type units, whose time is primarily devoted to operating such units, and who have historically resided on a farm and engaged in farming as their primary occupation to repair or improve such farm units and to refinance indebtedness against such farm units if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loans."

(d) Section 2 (b) is amended by striking from the first sentence thereof the word "the" preceding the word "rates" and inserting in lieu thereof the word "reasonable", and by striking the words "(but not exceeding the rate of 5 per centum per annum)." The second sentence of said subsection is amended by striking the period at the end thereof and inserting a comma and the following "except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm."

(e) Section 3 (a) is amended to read as follows:

"SEC. 3. (a) Loans made under this title shall not be in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness, and shall be secured by a first or second mortgage or deed of trust on the farm."

(f) Section 12 (b) is amended by striking the figure "$100,000,000" and inserting in lieu thereof figure "$125,000,000".

(g) Section 12 (e) is amended by striking from the last sentence of item (2) the words "to carry out the provisions of this title, relating to mortgage insurance" and by inserting in lieu thereof the words "of the Farmers' Home Administration and may be transferred annually to that administrative expense account and become merged therewith".

(h) Section 16 (a) is amended by inserting in the first sentence thereof before the word "mortgages" the words "or second" and by adding the following sentence at the end of said subsection: "Loans insured under this section shall not be in excess of 90 per centum of the amount certified by the county committee to be the value of the farm, less any prior lien indebtedness."

(i) The following new section 17 is added:

"SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers on farms of not more than family size who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. No such loans shall be made to an applicant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebtedness shall be adjusted so as to be within such values. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000."

SEC. 2. Title II of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words "Production and Subsistence Loans" in the title and inserting in lieu thereof the words "Operating Loans", and by the amendment of section 21 to read as follows:

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence: *Provided, however*, That loans may be made to operators who live on units which are less than family-type units, whose time is primarily devoted to operating such units, and who have historically resided on a farm and engaged in farming as their primary occupation if the farm unit is of sufficient size to produce income which, together with the income from other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No loan may be made to any one borrower under this section which would cause the total principal amount outstanding to exceed $10,000: *Provided, however*, That an amount not to exceed 10 per centum of the sum made available by annual appropriation for loans under this title may be used for making loans to borrowers which would cause such indebtedness to exceed $10,000 but in no event may any loan be made which would cause such indebtedness to exceed $20,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed 7 years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for 7 consecutive years shall be eligible for loans hereunder: *Provided, however*, That in justifiable cases where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within 7 years is due to causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed 10 years from the date the original loan was made, and during such extended term may make additional loans to such persons, if necessary."

SEC. 3. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

(a) Section 41 (g) is amended to read as follows:

"(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require: *Provided, however*, That—

"(1) comprosise, adjustment, or reduction of claims of $15,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General pursuant to the provisions of section 3469 of the Revised Statutes (31 U. S. C. 194);

"(2) compromise, adjustment, or reduction of claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

"(3) releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

"(A) borrowers who have transferred the security property to other approved applicants under agreements assuming the outstanding secured indebtedness; and

"(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled

the covenants incident to their loans, to the best of their abilities;

"(4) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this act; and

"(5) any claim which has been due and payable for 5 years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt payment ability, or is deceased and has left no estate, or has been absent from his last known address for a period of at least 5 years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided, however,* That claims involving a principal balance of $150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical."

(b) The first sentence of section 42 (a) is amended by inserting after the word "county" in each of three places the words "or area."

(c) Section 43 (d) is amended by striking the words "as family-size farms."

(d) Section 44 (a) (3) is amended by striking the word "the" as it appears before the word "rates" and inserting in lieu thereof the word "reasonable" and by striking the words "(but not exceeding the rate of 5 percent per annum)," and section 44 (c) is amended by inserting before the word "rates" the word "reasonable" and by striking the words "(but not exceeding the rate of 5 percent per annum)."

(e) Section 51 is amended to read as follows:

"SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by, or acquired by the Secretary under any programs administered by the Farmers' Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of 1 year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this act. Any advance or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortgage insurance fund."

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I announce for the information of the Senate the possibility of the consideration of the following bills either tomorrow or Saturday:

Calendar No. 2408, Senate Joint Resolution 182, to extend the time for filing the final report of the Commission on Government Security to June 30, 1957, and for other purposes;

Calendar No. 2420, S. 4076, to provide for the appointment of the chief legal officers of certain departments in the executive branch by the Persident, by and with the consent of the Senate;

Calendar No. 2470, H. R. 11995, to provide that the 1955 formula for taxing income of life insurance companies shall also apply to taxable years beginning in 1956;

Calendar No. 2471, H. R. 6595, to amend certain provisions of law relating to the estate tax;

Calendar No. 2472, H. R. 9083, to amend the Internal Revenue Code of 1954 to extend the period of amortization of grain-storage facilities.

Calendar No. 2523, S. 3832, to provide for the disposal of the Government-owned synthetic rubber research laboratories at Akron, Ohio;

Calendar No. 2524, S. 3868, to extend the Export-Import Bank Act of 1945, as amended;

Calendar No. 2546, H. R. 11873, to amend the Watershed Protection and Flood Prevention Act so as to eliminate delay in the start of projects;

Calendar No. 2544, H. R. 5337, to amend the provisions of the Perishable Agricultural Commodities Act of 1930 relating to practices in the marketing of perishable agricultural commodities;

Calendar No. 2543, H. R. 9333, to amend the Commodity Exchange Act to provide for hedging anticipated requirements of processors and manufacturers;

Calendar No. 2555, H. R. 5838, to provide that payments be made to certain members of the Pine Ridge Sioux Tribe of Indians as reimbursement for damages suffered as the result of the establishment of the Pine Ridge aerial gunnery range;

Calendar No. 2558, S. 4960, to amend section 607 of the Postal Field Service Compensation Act of 1955, to include employees in the motor vehicle service;

Calendar No. 2559, S. 3941, relating to certain mining claims which were eligible for validation under the act of August 12, 1953, but which were not validated solely because of the failure of the owners to take certain action to protect their claims within the prescribed period;

Calendar No. 2560, S. 3508, to provide for the establishment and operation of a mining and metallurgical research establishment in the State of Minnesota;

Calendar No. 2561, H. R. 6501, to amend the act of July 17, 1914, to permit the disposal of certain reserve mineral deposits under the mining laws of the United States;

Calendar No. 2562, S. 4039, to encourage the discovery, development, and production of manganese-bearing ores and concentrates in the United States, its Territories, and possessions, and for other purposes;

Calendar No. 2565, Senate Resolution 309, providing additional funds for the Committee on the Judiciary; and

Calendar No. 2566, Senate Resolution 303, increasing the limit of expenditures for conducting a study by the Committee on the Judiciary of juvenile delinquency in the United States.

All these bills have not been cleared with the distinguished minority leader, and they will not be called up until they have been cleared. But it may be that we will be able to proceed to consider some of them. It is expected that the judges' bill will be made the unfinished business as soon as action has been completed on the pending bill. They we will go over until tomorrow, when the judges' bill will be considered.

I had hoped it would be possible to take up the customs simplification bill or the social security bill or the Sobeloff nomination perhaps on Saturday or early on Monday.

I again remind all Senators that it is the intention of the leadership to conclude this session of Congress as early as possible. We have had a long, productive session of achievement, but several important measures still remain to be acted upon.

We are in the last days of the session. We shall come here early and stay late. At least 1 day, and perhaps 2 days, next week will be taken up with the Hells Canyon project. The social security bill will take some time. The customs simplification bill will take some time. The mutual security appropriation bill will take some time.

No leadership has ever had more cooperation than the present leadership of the Senate has had; but I remind Senators that for at least the next week or two it will be necessary for us to come here early in the morning and stay late in the evening. I hope Senators will forego their social engagements in an attempt to cooperate, so that the business at hand can be concluded.

NIAGARA POWER

Mr. LEHMAN. Mr. President, on Friday, June 29, there appeared in the Watertown Times, Watertown, N. Y., an editorial entitled "Niagara Power Realism." The editorial reemphasizes the pressing need for the earliest possible start on the construction of this great hydroelectric development, in order that low-cost publicly developed power may be made available to alleviate the serious power shortage current in northwestern New York.

I ask unanimous consent that the editorial be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

NIAGARA POWER REALISM

The Power Authority of New York and the Niagara Mohawk Power Corp., are making headway over the impasse that has gone on for 6 years over the public development of the Niagara water power. The House Public Works Committee has been holding hearings on the Lehman bill calling for public development of the Niagara.

This morning the Public Works Committee voted 18 to 16 to recommend that the State power authority undertake the development. It now goes before Congress.

Thursday the Niagara Mohawk Co. was charged with pulling the rug out from under its four private utility partners which were to be a part of the combination that would build the power plant if the private utilities were victorious in the fight. Similarly, the power corporation was charged with pulling the rug out from under the issue of private versus public power, an issue which some of the Public Works Committee would prefer to fight out to the bitter end, regardless

of how long the redevelopment of the Niagara would be delayed.

The general counsel for the Niagara Mohawk said that he and his company had taken a calm, deliberate, and careful look at the legislative picture before determining on a course of compromise with the State power authority. Mr. Martin termed himself and presumably his company as being "pragmatic realists." Under the circumstances, he said, "We've got to come a long way to a reasonable solution."

Why is the power corporation realistic? The principal reason is that its Schoellkopf generating station at Niagara Falls was ruined on June 7 by a rockslide. The prospect of replacing this station by the private corporation is most remote. It is remote because the corporation has no assurances that its Federal Power Commission license would be renewed when it expires 15 years from now. The cost of replacing the Shoellkopf station could hardly be amortized in 15 years without a tremendous adjustment upward in power rates. Furthermore, no regulating authority would permit a public utility such vast amortization over so short a time.

Niagara Mohawk has immediate problems, namely, those of continuing service to the many cutomers who were shut off when the rock-slide occurred. That station was producing 365,000 kilowatts when it was destroyed. It was the biggest single installation of the Niagara Mohawk system. Niagara Mohawk has come to the conclusion that the public need for the power is so acute, as a result of the destruction of its own plant, that this hardly the time to become involved in continuing the public versus the private power argument.

It is possible to read today such comments as those made by Congressman BUSH, Republican, of Pennsyivania, a member of the committee, who said that Niagara Mohawk had put every other private operator on the spot. Congressman GENTRY, Democrat, of Texas, said that the surrender of Niagara Mohawk marked the last stand of private enterprise. Congressman GORDON SCHERER, Republican, of Ohio, said that Niagara Mohawk had "pulled the rug out from under those of us in Congress who have fought for private power against public power." These are comments of men who care less about the kilowatts and more about who produces the kilowatts.

Public development of Niagara under some kind of compromise between the private utility and the Power Authority of New York would make a pretty good deal for Niagara Mohawk. The private corporation proposes that it would go along with the $400 million public development if the power authority would turn over to the private utility for 50 years all the electrical power that 20,000 cubic feet of water flowing through the Niagara River would produce. The Schoellkopf station has been using 20,000 cubic feet of Niagara flow in the past. That in essence means that Niagara Mohawk would get approximately 365,000 kilowatts without any capital investment in the construction of a new plant. Furthermore, the price of the kilowatts would probably be lower than what the power company could sell them for if it were to build a new plant.

The private corporation still is dead against the preference clause which Senator LEHMAN has insisted upon and is a part of the legislation as passed by the Senate. However, when questioned closely on this point, Mr. Martin, of the power company, would not commit himself as to whether he would want a bill with a preference clause or no bill at all covering the redevelopment of Niagara.

The Public Works Committee in its decision today supports the preference clause as contained in the Lehman bill passed by the Senate.

The final condition that the power company asked for is a payment to the city of Niagara Falls in lieu of taxes so that the tax revenue of the city of Niagara Falls would not be reduced because of the destruction of the Schoellkopf plant.

All along this newspaper has supported the public redevelopment of Niagara, the incorporation in the redevelopment program of a preference clause, and has been critical of the delays which have plagued the legislation ever since it was first presented 6 years ago. Here, however, is an opportunity to end the issue once and for all, an opportunity to start speedily on the absolute necessity of redeveloping Niagara. One can't help but be sympathetic to the tragic loss of the power corporation as a result of the rockslide. On the other hand, because of the loss, the corporation has been forced to withdraw its previous opposition to the power authority's plans for Niagara.

Now let the Congress pass quickly the Niagara bill so that work may start on actual construction this fall.

PUBLIC POWER BILLS

Mr. LEHMAN. Mr. President, on July 5, the well-known and highly regarded author and columnist, Mr. Thomas L. Stokes, wrote an article entitled "Democrats Push Two Public Power Bills." In this article he shows the great discrepancy between the cost of power in Canada and the cost of power in all the urban and agricultural areas of the Northeast, notably New York, Pennsylvania, and Ohio.

It is a most interesting article, which points out, for instance, that the average home in Toronto used 368 kilowatt-hours a month at a cost of only $3.81, while in Rochester, N. Y., only 100 kilowatts cost $4.36. In Windsor, Canada, 200 miles from Niagara Falls, the average home used 286 kilowatt-hours a month at a cost of only $3.65, compared with New York City, where the average home paid $4.44 for only 100 kilowatt-hours.

Mr. President, I ask unanimous consent that the very interesting article be printed in full in the body of the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DEMOCRATS PUSH TWO PUBLIC-POWER BILLS

(By Thomas L. Stokes)

WASHINGTON, July 5.—Once again the Democratic Party in Congress has decided to seize upon and project further the vision first glimpsed by a Republican President half a century ago, Theodore Roosevelt, and transformed into reality on several fronts by two of its own Presidents, Franklin D. Roosevelt and Harry S. Truman.

This is the public development of our great river systems for reclamation, navigation, and production of hydroelectric power which has been stifled by the Eisenhower administration.

Instead, the present administration has devised something it calls "the partnership policy," which, in most cases, would mean that great unutilized waterpower sites would be handed over to private power companies to exploit for fancy profits through high rates charged the consumers for electricity.

In no other area has the Eisenhower administration surrendered so supinely to big business and finance with which the vast utility monopoly is intertwined. Luckily for consumers, this attempted handout has been dramatized by an inconsistency that even a schoolboy can understand.

This is the way the administration readily lends the financial support of our Government, either directly or through the international bank, to build great dams in India, Egypt, Israel, Latin America, and other parts of the world while it forbids any such for our own people.

Luckily also, there is Congress and there is the Democratic Party that controls it and is looking for issues in this election year. It has found its opportunity in two areas of greatest undeveloped potential—one in the Northwest, one in the Northeast—and the leadership has pushed bills for each forward in the last few weeks.

One is the Pfost-Morse bill for Hells Canyon, which has been approved in the last several days by the Interior Committees of both House and Senate and now is on the calendar in both branches for final action.

This measure would authorize Federal construction of a high dam across the Snake River along the Oregon-Idaho border at Hells Canyon as recommended by the Army engineers. It was their verdict that this is the best way to utilize all the potentials of the Snake River for flood control, recreation, and production of hydroelectric power and the only way to carry out the overall plan for integrated development of the Columbia River system at which they have been working for 30 years.

By passing this bill, Congress would annul the administration scheme, originally pushed by former Secretary of Interior Douglas McKay and rubber-stamped by the Federal Power Commission, that called for private development through three low dams by the Idaho Power Co., a Maine corporation, absentee-owned.

This would fail to utilize all the potential at Hells Canyon, and also would force consumers, including industry, to pay much higher rates than under public development. Already the Idaho Power Co. has started preliminary work on one of the low dams, and the Hells Canyon Association, composed of consumers, farmers, and labor organizations, is trying to stop construction by a suit in the Federal courts here in Washington.

The other project, that in the Northeast, is the $440 million redevelopment of the Niagara River to produce 1,500,000 kilowatts of power.

This is not a Federal enterprise but would be developed by the New York Power Authority, a State agency, under terms of the Buckley-Lehman bill which passed the Senate in mid-May and was recently reported favorably to the House by its Public Works Committee.

As to the Niagara project President Eisenhower has taken the position that it was up to New York to decide how it should be developed. An alternative before Congress was a bill, authorizing development by five private companies, which once passed the House but now is suppianted by the State development measure.

Public development through the New York State Power Authority is envisaged by the sponsors as a means of providing low-cost electricity over a wide area, including Pennsylvania and much of Ohio as well as New York.

Rates in New York now are much higher than across the border in Canada. In 1952, for example, the average home in Toronto used 368 kilowatt-hours a month at a cost of $3.81, while in Rochester 100 kilowatts cost $4.36. Or compare Windsor, Canada, 200 miles from Niagara Falls, where the average home use was 286 kilowatt-hours a month at a cost of $3.65, with New York City, where the average home paid $4.44 for only 100 kilowatt-hours.

So the comparison goes across the border wherever you choose to pick your samples.

New York rates have been increased still further since 1952.

Both the Niagara and Hells Canyon developments are sound, self-liquidating enterprises. The savings by the economic operation possible in each would mean much to the consumer's budget in this era of high living costs.

There seems no reason why a great country such as ours could not do as much for its people in reducing electric utility costs as does Canada, where public development of its water resources is so long established that it is taken for granted as the only sensible way.

RELIEF OF CERTAIN ALIENS

Mr. KNOWLAND. Mr. President, on June 13 I gave notice of a motion to reconsider the votes by which the joint resolution (H. J. Res. 472) for the relief of certain aliens was passed. I have discussed this matter with the distinguished chairman of the Judiciary Committee, the Senator from Mississippi [Mr. EASTLAND], with the ranking minority member of the committee [Mr. WATKINS], and with the majority leader.

I now ask unanimous consent that the votes by which House Joint Resolution 472 was ordered to a third reading, read the third time and passed be reconsidered, for the purpose of moving to reinstate the two names of Constantine George Kaltsoyannis and Jose Cristiano Vieira, which had been originally stricken, but which on later information, the Senator from Mississippi and the Senator from Utah now believe should be reinstated.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California? The Chair hears none, and the votes are reconsidered.

The joint resolution is before the Senate and open to amendment.

Mr. KNOWLAND. Mr. President, I ask unanimous consent to reconsider the votes whereby amendment No. 2, on page 1, line 4, to strike out "Constantine George Kaltsoyannis" and amendment No. 4, on page 1, line 7, to strike out "Jose Cristiano Viera" were agreed to and that the amendments be rejected.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendments are rejected.

The joint resolution is open to further amendment.

Mr. LANGER. Mr. President, may we have an explanation of the joint resolution?

Mr. KNOWLAND. Mr. President, in further explanation of the joint resolution relating to Constantine George Kaltsoyannis, the report of the House committee accompanying House Joint Resolution 472 shows that the beneficiary is a 42-year-old native and citizen of Greece, who last entered the United States on September 19, 1953, as a visitor, for the purpose of soliciting financial support from the Greek people here for the construction of a tourist resort in Greece. However, since his entry in the United States the beneficiary's office was destroyed by earthquake. He is an architect by profession, and is employed by a firm of architect engineers. The beneficiary's sister resides in the United States, and he assists her financially——

Mr. LANGER. I am familiar with the case. It is not necessary for the Senator to proceed any further.

The PRESIDING OFFICER. The joint resolution is open to further amendment.

If there be no further amendment to be offered, the question is on the engrossment of the amendments and the third reading of the joint resolution.

The amendments were ordered to be engrossed, and the joint resolution to be read a third time.

The joint resolution (H. J. Res. 472) was read the third time, and passed.

IMPROVEMENT OF CREDIT FACILITIES TO FARMERS

The Senate resumed the consideration of the bill (S. 3429) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

Mr. HOLLAND. Mr. President, the pending business is Senate bill 3429, which contains a considerable number of amendments and simplifications and additions to the Bankhead-Jones Farm Tenant Act, designed to improve credit facilities available to farmers.

This measure has been pending a long time. A great many other bills which cover some of the same territory were considered by the subcommittee, and finally by the full Committee on Agriculture and Forestry.

For the information of Senators whose bills were not reported, but who will find that some provisions of many of them were incorporated in the pending bill, I should like to say that Senate bills 1199, 2961, 3034, 3035, 3184, 3185, 3247, 3293, 3374, 3429, 3559, 3790, and 3850 all dealt with some of the same field covered by S. 3429 and they were all considered. They were rather voluminous, and were considered in subcommittee meetings, and in meetings of the full committee.

Senate bill 3429 has been reported in lieu of the House bill, which is H. R. 11544, because there are quite a number of differences, some of them small and some of them sizable, between the thinking of the committee of the House and the thinking of the committee of the Senate.

When we have perfected the Senate bill, it is my intention to ask that the House bill be considered and then that the Senate bill, as amended, be substituted for the House bill, so that the whole matter may be in conference.

Mr. President, the following is a purposely brief statement of the purposes and objectives of the bill:

Senate bill 3429 would expand loan operations under the Bankhead-Jones Farm Tenant Act. The principal purposes of the bill are, first, to provide until June 30, 1959, for farm mortgage loans to refinance existing secured or unsecured indebtedness.

Mr. President, let me say that it seemed to us that one of the greatest needs in connection with present legislation is machinery for the refinancing of existing farm indebtedness.

The second objective of the bill is to provide for farm improvement, repair, and refinancing loans on less than family-size farms.

The third objective of the bill is to permit aggregate operating loans up to $20,000 in a limited number of cases.

I should say that this limitation is one based upon the total amount appropriated, rather than a limit in number. Not to exceed 10 percent of the annual appropriations for the use of this corporation can be used for the larger aggregate loans.

The fourth objective of the bill is to permit farm ownership loans for above-average-value family farms.

The fifth objective of the bill is to raise the annual loan insurance authorization by $25 million.

The sixth objective of the bill is to broaden the authority of the Secretary to compromise claims and to deal with the security.

Mr. President, the Senate will remember that two additional objectives were covered by the Senate in the passage of earlier proposed legislation. The House saw fit to incorporate that proposed legislation in the House bill on this subject. So those matters will be in conference, although they are not included in the Senate bill. Those two matters were, first, the extension for 2 years of the present law effecting economic emergency loans; and, second, the raising of the total of such loans from $15 million—the present total aggregate limit—to $50 million. In the House bill, the corresponding limit is $65 million. So there will be in conference the whole range of loans from $15 million, the present limit, up to $65 million, as now provided in the House bill.

Mr. President, in order to avert the necessity of making an extensive detailed explanation of the bill, I ask unanimous consent to have incorporated in the RECORD at this point as a part of my remarks the section by section analysis which is found in the committee report on the bill, beginning on page 2, and ending on page 6.

There being no objection, the excerpt from the report (No. 2526) was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS

The bill is divided into three sections which treat respectively of: (1) Farm-ownership loans, (2) production and subsistence loans, and (3) loan servicing and compromise authority.

FARM OWNERSHIP LOANS

Section 1 deals with farm ownership loans.

Subsection (a) would permit loans "for improvements to adjust farms to changing conditions" to be made to any eligible applicant. At present such loans can be made only to existing borrowers.

Subsection (b) would amend the definition of eligible borrowers to include (A) "farm owners" (in place of "owners of inadequate or underimproved farm units"—since refinancing loans and loans to adjust to changing conditions would not be restricted to owners of underimproved units) and (B) individuals obtaining "a substantial portion" (instead of "the major portion") of their income from farming. The latter change is recommended because the bill provides for loans to farmers on less than family-type

farms who have supplemental income. It is not intended that the income from a garden, a cow, and a few chickens will be considered substantial, but on the other hand, the committee realizes that earnings from off-farm employment, at least for temporary periods, might constitute the major portion of the income of a farmer who takes such employment.

Subsection (c) would permit loans for repairs, improvements, and refinancing to owner-operators living on less than family-type units if, with the aid of supplemental income, they can meet the loan and their living and operating expenses. The committee amendment to this subsection is intended to restrict these loans to bona fide farmers, rather than to encourage urban workers with rural residences to enter into competition with farmers in the production of commodities. H. R. 11544 uses somewhat different language to accomplish a similar purpose. H. R. 11544 restricts such loans to bona fide farmers dependent during 1 of the last 10 years on farm income and conducting substantial farming operations. The committee believes its language preferable since it would exclude persons who have abandoned farming, but may have farmed during 1 of the last 10 years, as well as persons who conduct substantial farming operations as a hobby or other nonprimary pursuit. H. R. 11544 also would permit refinancing under this subsection only of indebtedness incurred for agricultural purposes, while S. 3429 would permit refinancing only of indebtedness against the farm unit.

Subsection (d) would prohibit farm ownership loans to applicants who are able to obtain loans from other sources at "reasonable rates" (rather than at rates not exceeding 5 percent as now provided) and permit loans to be made on the basis of normal market value (instead of normal earning capacity) in the case of loans on other than family-size farms. The corresponding subsection of H. R. 11544 would make only the latter change, and then only with respect to smaller than family-size farms since H. R. 11544 does not provide for larger than family-size farms.

Subsection (e) would permit farm mortgage loans to be made on family-type farms having a value in excess of the average value of efficient family-sized farms in the community. H. R. 11544 does not contain a similar provision.

Subsection (f) would permit loans to be insured in any one fiscal year for an aggregate of $125 million (instead of $100 million).

Subsection (g) of S. 3429 as introduced would have permitted insurance of loans made for the full value of the farm as certified by the county committee in accordance with the applicable value formula (instead of 90 percent of such value). Direct loans for the full value are now permitted, but the committee felt that this policy should not be expanded, and consequently recommends striking subsection (g). The committee felt that it will generally be better both for the borrower and the Government if the borrower is required to put some of his own money into his farm. H. R. 11544 did not have a provision similar to subsection (g), but did contain a provision amending section 12 (c) (5) of the act for technical reasons. The committee does not believe that the House provision is necessary to accomplish its purpose and the existing law can only be construed to have the same effect as it would if amended by the House provision.

Subsection (g) (subsection (h) as introduced) would provide for use of one-half of the mortgage insurance premiums for general expenses of the Farmers' Home Administration (instead of for administration of provisions relating to mortgage insurance as now provided), thereby eliminating the need for separate recordkeeping and annual appropriation act provisions to accomplish this purpose.

Subsection (h) (subsection (i) as introduced) would permit second mortgages to be taken on insured loans (as is now permitted in the case of direct loans, but not in the case of insured mortgages or insured loans), the loan not to exceed 90 percent of the certified value of the farm less the prior lien indebtedness. As introduced the bill would have permitted such insured loans to be made for the full certified value, less the prior lien indebtedness. For the reasons mentioned in recommending deletion of subsection (g) of S. 3429 as introduced, the committee recommends a 90 percent of value limitation on this subsection.

Subsection (i) (subsection (j) as introduced) would authorize farm-mortgage loans to be made or insured under the provisions of title I during the period ending June 30, 1959, for the purpose of financing existing secured or unsecured indebtedness of farmers unable to refinance at terms which they can reasonably be expected to meet. Direct refinancing loans would be limited by available appropriations. Insured refinancing loans would be limited to $50 million annually. The committee recommends that this subsection be amended to include language of H. R. 11544 which would specifically restrict these loans to family-size farms and to farmers whose total debt does not exceed the value of the farm, livestock, and equipment. The phrase "less any prior lien indebtedness not to be refinanced," which was contained in the House provision is omitted from the language recommended by the committee however. Since such indebtedness is already taken into account as part of the applicant's total indebtedness taking it into account, separately, a second time would give it double weight, which was not intended. As pointed out in the House committee report on H. R. 11544 insured loans for refinancing would be limited to 90 percent of the farm value. Under S. 3429, which permits insurance of second mortgages, such insured mortgages would be limited to 90 percent of the farm value, less the amount of any prior lien. Direct loans for refinancing are not subject to this limitation.

OPERATING LOANS

Section 2 of the bill, which deals with production and subsistence loans, would change the title "Production and Subsistence Loans" to "Operating Loans" (considered as more apt nomenclature), and would amend section 21 of the Bankhead-Jones Farm Tenant Act in the following respects:

Subsection (a) would be amended to limit operating loans to operators of family-type farms, or to operators of less than family-type farms who have adequate supplemental income to meet the loan and their living and operating expenses (such loans having been so limited historically through administrative regulation). The committee recommends further amendment of this subsection, similar to the committee amendment to section 1 (c) of the bill to restrict such loans to bona fide farmers. H. R. 11544 would restrict these loans to bona fide farmers in the same manner H. R. 11544 restricts farm ownership loans to bona fide farmers.

Subsection (b) would be amended to (1) permit 10 percent of the amount appropriated for operating loans each year to be used for loans increasing the aggregate indebtedness of the borrower above the present limit of $10,000, but not above $20,000, and (2) remove the present limit of $7,000 on initial loans. H. R. 11544 would increase the maximum initial loan to $9,000 and the maximum indebtedness to $15,000.

Subsection (c) would be amended only to insert a reference to subsection (d).

Subsection (d) would be amended to permit loans to borrowers who for causes beyond their control have failed to repay their loans within 7 years to be extended or renewed for not to exceed 10 years from the date the original loan was made, and would permit new loans to be made during such extended term. H. R. 11544 limits such additional loans, extensions, and renewals to farmers in disaster areas (natural or economic) who have been prevented by natural causes from making timely repayment. The extended period would be limited to the number of years for which the area has been a disaster area. The committee felt that the House provision does not adequately take care of the situation, since family situations and other matters besides natural causes in disaster areas may prevent able, diligent farmers from making timely payment. Subsection (d) would further be amended to make the prohibition on loans to persons who have failed to liquidate their indebtedness within the maximum period inapplicable to indebtedness incurred prior to November 1, 1946. No loans were made under section 21 of the Bankhead-Jones Farm Tenant Act prior to that date, so the provision of subsection (d) which would be repealed by the bill has been construed to extend section 21 (d) to loans made under prior authority, and serviced or collected by the Farmers' Home Administration. Repeal of this language would remove these loans from the purview of section 21 (d).

SERVICING AND COMPROMISE

Section 3 of the bill deals with the compromising or servicing of loans.

Subsection (a) would amend section 41 (g) of the act to—

(1) Extend the compromise authority (now applicable to agreements under the act) to all agreements administered by the Farmers' Home Administration (such as those made under the disaster loan revolving fund authority of Public Law 38, 81st Cong., 12 U. S. C. 1148a, and the Water Facilities Act);

(2) Increase to $15,000 (from $10,000) the maximum claim which may be compromised by the Secretary of Agriculture without reference to the Secretary of the Treasury or the Attorney General. This committee amendment limiting this increase to $15,000 follows the provision of H. R. 11544;

(3) Permit the release of operating loan borrowers and insured loan and insured mortgage borrowers who transfer the security property to purchasers who assume the secured indebtedness (as is now provided for direct borrowers who transfer their farms to applicants assuming the indebtedness to the Secretary);

(4) Permit the release of insured loan and insured mortgage borrowers (in addition to direct borrowers) who transfer their farms to purchasers who assume the secured indebtedness to the extent of the value of the farm (instead of the earning capacity value since loans to borrowers having supplemental income could be made under the bill on the basis of market value);

(5) Remove the limit ($100 under the act, $1,000 under Public Law 518, 78th Cong., 12 U. S. C. 1150) upon claims which may be charged off or released upon a finding of specified facts showing collection to be improbable, and slightly increase the requirements as to the facts to be found. (The committee recommends insertion of the word "known" in this provision to conform to the corresponding provision of H. R. 11544 and permit chargeoff or release of claims against a debtor whose whereabouts are unknown and who has no "known" assets); and

(6) Increase to $150 (from $10) the limit on claims which may be charged off or released upon a finding that further collection efforts would be ineffectual or uneconomical.

Subsection (b) would amend section 42 (a) of the act to provide for the use of "county or area committees" (instead of "county committees") in administering the act. H. R. 11544 provides for the use of committees for counties or areas "within a

county." In many cases the most satisfactory administrative area might include parts of more than one county, so that your committee believes the language of S. 3429 to be preferable.

Subsection (c) would amend section 43 (d) of the act to authorize sale by the Secretary of less than family-size farms to individuals eligible for farm ownership loans (NOTE.—Section 3 (c) of the bill amends section 43 (d) of the act by striking out "as family-size farms." Section 43 (d), by its terms, requires the sale, as surplus property, of certain lands not suitable for sale "as family-size farms," and thereby prevents their sale on long-term credit under section 43 (a). The lands to which section 43 is applicable by its terms have been entirely or substantially disposed of, but section 43 is incorporated by reference in section 51 of the act, which deals with the sale of property acquired to secure payment of loans).

Subsection (d) would amend section 44 (a) (3) of the act to prohibit the making or continuation of farm ownership or operating loans to applicants who are able to obtain loans from other sources at reasonable rates (rather than at rates not exceeding 5 percent as now provided). H. R. 11544 does not contain this provision.

Subsection (e) would amend section 51 of the act to—

(1) Extend section 51 of the Bankhead-Jones Farm Tenant Act, which deals with mortgage servicing authority, to all insured loans (including those in lenders' hands) and loans under all programs administered by the Farmers' Home Administration (the only programs not now covered by such authority being credit sales accounts on water conservation and utilization projects transferred to the agency by the Soil Conservation Service and special emergency loans made pursuant to Public Law 727, 83d Cong.).

(2) Permit the Secretary to sell or grant rights-of-way or easements over any security property acquired by the Secretary; and

(3) Permit advances or expenditures with respect to insured loans or insured mortgages to be paid out of the mortgage insurance fund.

Mr. HOLLAND. Mr. President, I believe what I have stated covers, in general, the purposes and objectives of this very vital piece of proposed legislation. I think there is no proposed legislation which has been introduced and has been pending before the Senate this year which is of greater importance to farmers who are in difficulty, farmers who are finding it hard to live or to refinance or to get new loans, or to improve their houses, or to improve their farm buildings, or to do many of the other things that are permitted under the terms of the bill—which, frankly, is a very comprehensive liberalization of the existing provisions of the present Bankhead-Jones Farm Tenant Act.

Mr. AIKEN and Mr. LANGER addressed the Chair.

The PRESIDING OFFICER (Mr. HUMPHREYS of Kentucky in the chair). Does the Senator from Florida yield; and if so, to whom?

Mr. HOLLAND. I yield first to the ranking minority member of the committee, the distinguished senior Senator from Vermont [Mr. AIKEN].

Mr. AIKEN. I thank the Senator from Florida.

Mr. President, I wish to compliment the Senator from Florida and the other members of his subcommittee and other Senators who have worked very diligently in getting the bill into shape.

Probably our major farm problem of today is helping the million and a half families who at the present time are attempting to make a living on farms, many of them uneconomic farms, under adverse conditions. I think this bill will go a long way—probably not all the way, but quite a long way—toward alleviating the position in which those persons find themselves.

I am sure the Senator from Florida has worked very hard and very fairly on the bill; and I am glad to see the bill acted upon at this time on the floor of the Senate.

Mr. HOLLAND. Mr. President, I thank the distinguished Senator from Vermont.

In order that the credit may go where it is due, let me state that the other members of the subcommittee were the Senator from North Carolina [Mr. SCOTT], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Kansas [Mr. SCHOEPPEL], and the Senator from South Dakota [Mr. MUNDT].

Mr. AIKEN. Yes. My remarks were intended to apply to all the members of the Senator's subcommittee.

Mr. HOLLAND. I realize that. I thank the distinguished Senator from Vermont, on behalf of all members of the subcommittee. I wanted their names to appear at this point in the RECORD.

Mr. LANGER. Mr. President——

The PRESIDING OFFICER (Mr. SCOTT in the chair). Does the Senator from Florida yield to the Senator from North Dakota?

Mr. HOLLAND. I yield to the distinguished Senator from North Dakota.

Mr. LANGER. Mr. President, I merely wish to tell the distinguished chairman of the subcommittee that I have received literally hundreds upon hundreds of letters from farmers in North Dakota who want to refinance. I have received similar letters from farmers in Minnesota and Montana. In fact, the desire to refinance is almost universal in that part of the country. Sometimes the total debt involved is quite small. Yet many of the farmers are unable to obtain the necessary funds from banks, and they have had a terrible time in refinancing. There have been so many complaints about that matter that I wish to compliment the Senator from Florida on doing so fine a job, which I am sure will be of great benefit to the entire Nation.

Mr. HOLLAND. I thank the Senator from North Dakota, on behalf of myself and the other members of the subcommittee.

Mr. MORSE. Mr. President, will the Senator from Florida yield to me?

Mr. HOLLAND. I yield.

Mr. MORSE. Mr. President, I wish to compliment the Senator from Florida for what in my opinion are great improvements in the Bankhead-Jones Farm Tenant Act—improvements which are much needed, and which will be of great benefit to all farm families of the country.

I should like to have the help of the Senator from Florida regarding one matter which seems to be omitted from the Senate bill, but which the Senator from Florida has stated is included in the House bill and is covered in the House committee's report. Let me say that in connection with this matter, I have been in communication with the Senator from Florida and his subcommittee.

Mr. HOLLAND. Yes, Mr. President; let me say that no Senator has been more diligently interested in any case than has the Senator from Oregon, in behalf of certain fruit growers in his State, in behalf of whom he and other Senators—but I believe he was the chief one—introduced measures for amendment of the act to an extent even greater than will be accomplished by the pending bill. I am only sorry that the committee did not find it possible to work out what would be, from the viewpoint of the Senator from Oregon, an acceptable way of handling the matter. I shall deal further with it; but at this time I wish to say that, of all the Senators who have approached the Senator from Florida during the entire period of our work on the bill, I think no other Senator has approached me so many times or more energetically than has the Senator from Oregon. I am only sorry that we could not accede unanimously to his request.

Mr. MORSE. Mr. President, I appreciate those comments by my friend, the Senator from Florida.

I wish to say that although my exercise of what the Senator from Florida calls diligence did not produce favorable results for the orchardists of my State, that certainly was not because I did not receive the cooperation of the Senator from Florida.

Mr. HOLLAND. I thank the Senator from Oregon.

Mr. MORSE. I am very much disturbed about the fact that the bill does not provide some relief for those orchardists. As I have said in my previous representations regarding this matter, I do not speak only for the orchardists in Washington and Oregon; I speak for any orchardist in the country who suffer a similar disaster.

Mr. President, I ask unanimous consent to have printed in the RECORD, at the conclusion of my remarks, a copy of my bill dealing with this matter, which I submitted to the Committee on Agriculture and Forestry, and also letters and telegrams on the matter, because I want a legislative record made on the problem.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. MORSE. Let me say, Mr. President, that I am still hopeful that in some way, somehow, either in connection with an independent bill or in connection with an amendment to some other measure, what I consider to be the equities of these orchardists can be handled appropriately by the Congress.

I want the Senator from Florida to correct me if I improperly present the problem. The situation is simply this: A good many hundreds of acres of fruit trees in the States of Oregon and Washington, in the Milton-Freewater, Oreg., and the Walla Walla, Wash., areas were completely frozen last fall in a period of cold weather the like of which has not occurred in that section of the country in decades. Hundreds of acres of prune

trees were completely destroyed; and, to the surprise of many, even cherry trees and some acres of apple trees, which are much more hardy when it comes to standing cold weather, were completely destroyed and had to be bulldozed out of the ground. I have available a great many photographs showing the very devastating tragedy which the orchardists have suffered.

Mr. HOLLAND. The distinguished Senator furnished our committee with those distressing pictures. It was not for want of our understanding the disaster that we were unable to accept his proposed amendment. He certainly showed us a dismal and disastrous picture of that situation.

Mr. MORSE. Briefly, the request was that the bill be amended so that very liberal loan allowances could be made to orchardists, with repayments deferred until such time as the trees start to produce, and with very low interest rates. It seemed to me, as the legislative representative of those orchardists, that all the equities were in their favor. If we really desired to be of assistance to such tragedy-stricken farmers, I thought that in some way a relief amendment should be inserted in the Bankhead-Jones bill along the lines which I proposed, although I made it very clear that I would accept any amendment to my proposal which the committee thought might be necessary in order to bring some relief.

My first question is this: Am I correct in my understanding that in the bill which the committee brings to the floor of the Senate there is no provision which would afford any relief to orchardists, not only in my State, but elsewhere in the country, who may be subjected to the kind of disaster I have mentioned?

Mr. HOLLAND. The Senator is correct. There are, of course, provisions in the bill which, in certain cases, may be helpful, such as the provision for refinancing. But so far as concerns any extension of the coverage of the bill to include loans under which payments would be deferred for 6 or 7 years, which would be required, and in a very large amount per acre, which would be required, the committee could find no justification for including such a provision.

Let me say to the distinguished Senator that there is, of course, in existing law, authority for the making of disaster loans. For example, if a vegetable grower has his vegetables wiped out, he can obtain a loan and repay the loan the next year, or perhaps earlier, because of the fact that his crop is produced in a short period, and it does not require anything like the investment per acre which is required in the case of orchards. In the case of the distressing situation which the Senator from Oregon has so well depicted, we find one illustration of what has happened, and unfortunately continues to happen, in many of the other producing areas of the Nation.

I know that the Senator from Oregon is just as much interested in frozen orange groves in California or Florida, or frozen peach orchards in Georgia, South Carolina, or elsewhere, as he is in frozen orchards in his own State.

Mr. MORSE. That is true. My bill would cover such situations.

Mr. HOLLAND. That is correct. There was no failure of the Senator's bill in that regard. However, the large amounts per acre required in the case of fruit industries, and the long period of time required before production can be accomplished, together with the fact that there is disaster legislation already on the books, manifestly applying to the same sort of situation, except that those who are protected by present legislation are not concerned with the element of the long time required before production is accomplished, and the great amounts per acre which orchardists and grove owners must face, compelled the committee to reach the conclusion which it reached. All the members of the committee were sympathetic, but they felt that the proposal of the Senator from Oregon would require too great a departure from the coverage of the bill to make it proper for us to include it.

When I was a little boy, the great freezes in Florida in December 1894 and February 1895 completely destroyed our fruit industry, to the extent that it was 1911 before we came back to the level of production which we had attained prior to the disaster.

In the meantime, our good neighbor and fine competitor, California, had come into the picture with heavy production, and had preempted the markets. We had a long and difficult comeback trail to follow. So I was raised in the shadow of a disaster comparable to that which the Senator from Oregon mentions, except that it was much greater in its aggregate effect.

Only recently—4 years ago, I believe—we saw just such a disaster in Texas; and producers are not yet back in production on any large basis, as the Senator knows. We have seen similar disasters in the peach orchards of the Southeastern section of the country, and in other areas which I cannot now recount. However, all such situations are subject to the same point. It requires a tree so long to come into production, and requires so much expense to plant the tree, fertilize it, and care for it during the 6 or 7 years before it reaches the time of production, that such cases are not at all similar to the cases in which emergency aid is now given, in prospect of early repayment, in the knowledge that the grower, by the application of a few months' labor, will be in a position to pay something back. In those cases, also, the amounts per acre do not by any means equal the very large amounts required in the case of fruit orchards, nut orchards, and the like.

So I think I may truthfully say that every member of the committee scratched his head to try to figure some way by which to make an exception and to put in this bill a provision to cover the situation to which the Senator from Oregon has referred. The bill is for the benefit of submarginal farmers. We tried to find some way to include the costs of orchardists who have invested several thousand dollars an acre, perhaps, in order to bring their groves into bearing, and to finance them during the long period of waiting and working and anticipation which is required.

We did not feel that the two types of situations were comparable. I regret that such was the case.

Mr. MORSE. Mr. President, as lawyers we must become accustomed to losing an occasional case, which is not pleasing to the lawyer or his client. We also have the responsibility, as lawyers, even after we lose a case, of trying to recoup anything we can for our clients. So I should like to ask the Senator if there is any difference between the Senate bill and the House bill, in respect to any of the provisions which might be of assistance to these orchardists.

Mr. HOLLAND. No. The House committee considered the same subject sympathetically. The only difference between the treatment accorded by the House committeee and that accorded by the Senate committee was that the House committee devoted a paragraph or two of its report to its statement of the feeling that nothing could be done in this type of legislation for the case described.

Mr. MORSE. Am I correct in my understanding that that statement is found one page 20 of the Senate committee report, in the supplementary views of the Senator from Minnesota [Mr. HUMPHREY], which I hold in my hand?

Mr. HOLLAND. The Senator is correct. I had not been privileged to see the print of the supplemental views, although I obtained permission last night to have them printed. I left before the Senator from Minnesota sent his supplemental statement to the desk.

Mr. MORSE. If the Senator does not object, I should like to ask unanimous consent to have printed at this point in the RECORD, in the colloquy between my friend from Florida and myself, the language which appears at page 20 of the committee report as a part of the supplemental views of the Senator from Minnesota [Mr. HUMPHREY]. I refer to the quotation from the House report on a companion bill which sets forth the language referred to by the Senator from Florida in regard to the problem of loans to orchardists.

Mr. HOLLAND. I have no objection. I am very happy to have that go into the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

LOAN TO ORCHARDISTS

Some of the bills considered by the committee proposed special provisions for disaster loans to orchardists, including deferment of repayments until new trees come into production. Public Law 38 of the 81st Congress now authorizes the Secretary to make such loans in disaster areas, such as the area in Oregon and Washington where many orchard trees were killed by last year's early heavy freeze, and the committee anticipates the Secretary will exercise this authority. It also authorizes the Secretary to set the terms and conditions for the repayment of such loans. The committee believes that the terms of loans of this character should be such as would afford real assistance to producers who suffer various kinds of production losses. Consequently, if the purpose of the

loan is to reestablish an orchard destroyed by the disaster and repayment is to be expected solely from the production of the orchard, the first repayment installment should be deferred until income is expected from the reestablished orchard. The problem of liquidity of the revolving fund, which may be affected by such deferments, is one to be met when there is need for additional money in the revolving fund, and is not a problem which should be solved by amending the existing broad authority of the Secretary.

Mr. MORSE. Mr. President, I have read that paragraph. I understand, after reading the report of the House committee that no provision was included in the bill which would bring relief to the orchardists, but the insertion of this language presents the problem and leaves open, of course, the question whether in some future legislation we may decide independently to take some action about it. Is that about the sum and substance of it?

Mr. HOLLAND. That is correct. The Senate committee could have given it the same treatment, but we did not feel we were justified in doing so, because we could not offer anything which was constructive, and we thought the report of the House committee pretty fully covered the situation. After talking with some members of the House committee, we learned that they were just as regretful as are we that they found no way to join that particular program of relief to this bill or any other bill affecting the Farmers Home Administration.

Mr. MORSE. If the Senator from Florida will permit me to do so, I should like to add to the legislative history of the pending bill, and I should also like to ask the Senator from Florida to listen to this observation. I know the Senator from Mississippi wishes to speak, but I shall be very brief.

I am sure that I need not tell him and the other members of the committee that when the Senator from Oregon reports not only to his constituents but also to his friends across the State line in Washington, that we were not successful in getting the Morse bill added as an amendment to the Senate bill, they are going to be keenly disappointed. Constituents, when disappointed, sometimes are also very critical of a failure on the part of their legislative representatives.

However, in fairness to the committee—and this is what I would call to the attention of the Senator from Florida—I wish to say to my constituents that I do not know how anyone could have received a more courteous hearing and a more thorough consideration of the problem than I received from the committee and from the chairman of the subcommittee, the Senator from Florida [Mr. HOLLAND].

I presented every fact the orchardists from both States had suggested to me. I presented, as the Senator from Florida has already indicated, the figures which were sent to me. Those figures showed the terrific devastation which had been suffered. However, I was faced with a legislative policy, which was made very clear to me by the chairman of the committee, and which could not be overcome as an obstacle because of the fact, as the Senator from Florida has pointed out, that the particular bill we are dealing with, really devotes itself primarily to the consideration of so-called marginal farms, that is, small family-type farms which are on the margin between being economic and not economic. As I understood, the position of the committee was that they could not add to a bill which was within its framework limited to seeking to meet the needs of that particular group of farmers, an amendment which went beyond the scope of the purpose and the policy of the act; that when we are dealing with orchardists we are not dealing with marginal farmers, but are dealing with farmers who in good times and with good weather are very successful fruitfarmers; and that, although disaster has wiped them out, it does not follow that their farms in the future will not be economic fruit farms which will return a substantial income per acre from the orchards which may in the future be planted thereon.

Therefore, I understood it to be the position of the committee that, with that kind of disaster problem, those who have suffered the disaster must resort to the existing disaster legislation which is on the books, and must resort to the existing loan sources which are at least substantially available to farmers who are asking for loans on land which, properly handled and planted again, will be far removed from being considered disaster farms.

Consequently, as a matter of policy, my proposal was rejected on the ground that in the opinion of the committee my proposed amendment did not fall within the scope and legislative purpose of the Bankhead-Jones Act. Is that a fair statement of the position of the committee?

Mr. HOLLAND. It is not only a fair statement, but the attitude of the Senator from Oregon is most gracious to his friends on the committee, who would have been glad and happy if they could have worked out something they felt would be appropriate to be included in the pending bill.

Mr. MORSE. I appreciate that statement. I simply wish to say to my constituents that I have no right, even if it could be done—and obviously it could not be done, because the committee members would not allow it within the framework of their responsibility, and they could not do it, of course, and I would not ask them—to add to the bill extraneous matter which violates the policy and purpose of the bill itself. I am keenly disappointed that we have not been able to work something out in connection with this matter.

Mr. THYE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. THYE. We all fully realize what the distinguished Senator from Oregon has in mind and what the problems of the orchard farmers are. We are sympathetic with the farmers who have a type of tree that cannot withstand a heavy frost. We have seen that situation across the Nation.

However, the purpose of the proposed legislation is to improve and perfect the so-called Bankhead-Jones Farm Tenant Act. No legislative enactment has done more to assure the continuance of individual farm operations than the provisions of that act.

Homesteads are no longer available. However, the provisions of the legislation permit young couples to begin as farm tenants or as farm owners. That is keeping America what our forefathers willed it to be when they pioneered across the wilderness of North America, to establish homes. That is what we are keeping alive by the bill. In committee we recognized we could very well go into other fields and provide extensive livestock loans or extensive disaster loans; but if we did, we would jeopardize the principle embodied in the philosophy of the legislation, namely, to provide a type of loan to enable young couples, who cannot go to their local bank to obtain credit because they do not have security to offer, to start farming operations. Naturally, a bank cannot make such a loan.

So, Mr. President, I wish to commend the subcommittee chairman for having done an extremely able job in developing in the subcommittee hearings the measure which is now before the Senate.

I again state that I can fully appreciate what the Senator from Oregon is concerned about, because in his area there are many orchardists, and, naturally, there is a hazard involved and there are times when the farmers cannot be financed for the reestablishment and planting of orchards because it takes a long time to get into production. But I do not believe we could provide for that type of a loan in this bill and still keep it the kind of bill we wanted, namely, one to provide for young couples who cannot go to their local banks and borrow seven or eight or ten or twelve thousand dollars to start farming operations, because all they have is their reputation and their will. They have no other security to offer. Naturally, they cannot convince a banker that mere reputation and will are good security.

Mr. MORSE. I appreciate what the Senator from Minnesota has said. It further makes the record clear, as the Senator from Florida has already made it clear, why the committee had to reject the relief for orchardists which I sought.

I wish to thank the Senator from Minnesota for the friendly consideration he gave to my proposal. I wish to assure him that my comments today are in no way a criticism either of the chairman of the committee or of the committee. I wish to make the record perrectly clear as to what happened because I think my constituents are entitled to know. I am convinced that in the next session of the Congress the approach will have to be by way of an amendment to the disaster loan legislation already on the books—an amendment designed to make it more liberal, because I had already sought relief through the disaster loan approach and found that in its present form the law is not satisfactory insofar as affording any assistance to the orchardists is concerned.

Mr. THYE. That would be my suggestion of the procedure which might well be considered and followed.

Mr. MORSE. I wish to thank both Senators for the assistance they have given me in this transaction, because

they have made it perfectly clear to me, as it will be clear to my constituents, the reason for the rejection of my amendment.

EXHIBIT A

JUNE 23, 1956.

Hon. SPESSARD L. HOLLAND,
Subcommittee on Marketing of Perishable Agricultural Commodities, Committee on Agriculture and Forestry, Washington, D. C.

DEAR SENATOR: This acknowledges, with appreciation, your letter of May 29 relative to the bill S. 3850 which would provide emergency relief for orchardists who suffer disaster losses.

As you probably know, the House Committee on Agriculture recently issued a report containing the following recommendatory language on the subject of deferred repayment emergency loans:

"Some of the bills considered by the committee proposed special provisions for disaster loans to orchardists, including deferment of repayments until new trees come into production. Public Law 38 of the 81st Congress now authorizes the Secretary to make such loans in disaster areas, such as the area in Oregon and Washington where many orchard trees were killed by last year's early heavy freeze, and the committee anticipates the Secretary will exercise this authority. It also authorized the Secretary to set the terms and conditions for the repayment of such loans. The committee believes that the terms of loans of this character should be such as would afford real assistance to producers who suffer various kinds of production losses. Consequently, if the purpose of the loan is to reestablish an orchard destroyed by the disaster and repayment is to be expected solely from the production of the orchard, the first repayment installment should be deferred until income is expected from the reestablished orchard. The problem of liquidity of the revolving fund, which may be affected by such deferments, is one to be met when there is need for additional money in the revolving fund, and is not a problem which should be solved by amending the existing broad authority of the Secretary."

You will recall that S. 3850 contains two principal provisions. The first relates to a more liberal loan repayment policy to be applied by the Department of Agriculture in emergency cases such as those involving the Milton-Freewater orchardists. The second would make direct assistance available to the orchardists for orchard rehabilitation.

With resect to the matter of loan repayments, if the subcommittee should be of the opinion that the Department of Agriculture possesses ample authority to grant loans containing repayment deferments of the type desired by these orchardists, it would be helpful if the committee were to issue a statement containing language comparable to that quoted above. My dealings with the Farmers' Home Administration on this problem indicate that the officials of that agency have little inclination to be of real help to the orchardists. I believe, however, that statements such as that quoted above, if issued by the Agriculture Committees of both Houses, will cause the Department of Agriculture officials to reappraise the situation with a view to making sound loans on a long-term repayment basis. Your help in this respect will enable farmers of demonstrated ability to rehabilitate highly productive orchards.

A second major provision of S. 3850 covers the subject of direct assistance to farmers whose orchards are totally destroyed through natural disasters. The cases envisaged by the bill are those involving more than crop losses; direct assistance in rehabilitating orchards would apply where entire orchards are destroyed through the forces of nature. The financial burden of bearing the entire cost of starting new orchards is almost insuperable for most of these farmers. It is not feasible to divert these lands to other crops. They are essentially orchard lands. It is not practical, from an economic standpoint, to put them to different farm uses.

In other cases of farm disasters, the Federal Government has come to the aid of farmers by way of rehabilitation assistance. For example, I have been told that corn seed was distributed to farmers in corn-raising areas when disaster struck. The orchardists in this case need comparable assistance. They must clear their lands of frost-killed trees; they must prepare the land and apply fertilizer, they must put in new nursery stock.

The seriousness of the direct assistance needs of these farmers has been brought out in testimony on S. 3850. Such needs are urgent and immediate. I hope that the subcommittee will give prompt and sympathetic consideration to the direct assistance provision of my bill.

With best personal regards,
Sincerely,

WAYNE MORSE.

MAY 10, 1956.

The Honorable ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry, United States Senate.

MY DEAR SENATOR: In connection with your consideration of the House farm bill, H. R. 10875, I would like to bring to your attention a serious problem now confronting orchardists and fruit growers in the northeastern portion of the State of Oregon whose farms were almost completely destroyed, due to the unprecedented freeze which occurred during the month of November 1955. Approximately 450 farm families in this part of Oregon have sought, to date unsuccessfully, to obtain assistance from State and Federal agencies to tide them over until they can replace their orchards with young nursery stock and bring them back into production several years hence.

Over a period of 50 years or more the economic value of these farms has been established, as evidenced by a fine record of production of an important portion of our Nation's food supply. The farmers who have experienced this disaster have exhausted every means at hand to refinance their farm operations and, unless they can obtain assistance from the Federal Government and get it quickly, there appears to be no alternative other than forced liquidation in many instances. This in turn will simply mean that more farm families will join the growing numbers who are leaving their farms to reside in urban areas.

It is my opinion that the Senate Committee on Agriculture and Forestry can be of great assistance to these farm people by adopting an amendment to Section 107 (a) (1) of H. R. 10875 which will make it certain that these orchard lands, during the period of rehabilitation, can be considered as part of the soil bank conservation reserve program. The Committee could accomplish this objective by the simple addition of the words "such as nonproducing fruit trees" and "agricultural and horticultural" so as to make subsection (1) read as follows:

(1) to establish and maintain for the contract period protective vegetative cover (including but not limited to grass and trees, such as nonproducing fruit trees), water storage facilities, or other soil-, water-, wildlife-, or forest-conserving uses on a specifically designated acreage of land on the farm regularly used in the production of agricultural and horticultural crops (including crops, such as tame hay, alfalfa, and clovers, which do not require annual tillage).

The adoption of the foregoing amendment to subsection (1) would remove any question of a doubt concerning the authority of the Secretary of Agriculture to include the rehabilitation of orchard lands that have been substantially damaged or wiped out through forces of nature, such as the unprecedented freeze of November 1955. The plan proposed by the suggested amendment is, in my opinion, strictly in line with the conservation practices envisaged in the soil bank conservation reserve program, because the farmers who would be assisted under this plan would, in fact, place cover crops on the orchard lands in question during the period in which the young trees are advancing to fruit-bearing maturity.

If you so desire, I shall be glad to discuss this matter personally with members of the Committee on Agriculture and Forestry, but I feel that the plan is so logical and so consistent with the whole soil bank program that it could be adopted as part and parcel of the overall plan now under consideration by the committee.

With best personal regards,
Sincerely,

WAYNE MORSE.

MAY 10, 1956.

Mr. R. B. MCLEAISH,
Administrator, Farmers Home Administration, Washington, D. C.

DEAR MR. MCLEAISH: During the past several days, I have received numerous communications from residents of the Milton-Freewater area calling to my attention the very serious problems now being experienced by farmers whose orchards were totally destroyed by the unprecedented freeze of November 1955. I have also talked to representatives of the farmers who have suffered these losses and I am satisfied that it would be difficult to overestimate the extent of the damage and hardship they have suffered.

Approximately 450 farm families in the area were affected by the freeze and most of them have, to date, been unsuccessful in obtaining assistance from private lending organizations or from State or Federal agencies to tide them over until they can replace their orchards with young nursery stock and bring them back into production several years hence.

The farmers whose orchards have been ruined need financial assistance to enable them to replant their orchards and, of course, they can expect no production for a period of approximately 5 years after the young trees have been planted. This means that if they are to save their farms, they will need emergency loans which will not require repayment prior to the period at which the orchards begin to produce. Short-term loans are wholly impractical in cases of this type.

In view of the foregoing situation, I would appreciate it very much if you would give careful consideration to the possibility of making Farmers Home Administration emergency loans available to these orchardists upon terms and conditions which will meet the special, long-term credit needs of these people for the rehabilitation of their orchards. It seems to me that existing law provides ample latitude for the granting of such loans.

In view of the urgent nature of this problem, I would appreciate your checking into the matter at your earliest convenience. Would you kindly provide me with a full report with respect to the assistance that your agency may be able to render on behalf of these hard-pressed farmers.

Sincerely yours,

WAYNE MORSE.

[84th Cong., 2d sess., S. 3850]

(May 14 (legislative day, May 7), 1956)

MR. MORSE (for himself and Mr. NEUBERGER) introduced the following bill, which was read twice and referred to the Committee on Agriculture and Forestry:

"A bill to provide financial assistance for the rehabilitation of orchards destroyed or damaged by natural disaster

"*Be it enacted, etc.*, That (a) the Secretary of Agriculture (hereinafter referred to as the 'Secretary') is authorized to make emergency loans to eligible orchard operators and owners in the area declared by the Secretary in December 1955 to be a production disaster area because of unseasonable freeze, and in any area hereafter declared to be a production disaster area by the Secretary because of freeze, drought, hurricane, disease, or other natural causes.

"(b) Any orchard operator or owner in any such area shall be eligible for assistance under the provisions of this act if the Secretary finds—

"(1) he has suffered, as the result of any such disaster, substantial financial losses;

"(2) he is in need of financial assistance which he cannot obtain from private credit sources on such terms and conditions as he could reasonably be expected to meet; and

"(3) that he has a reasonably good chance of repaying it.

"SEC. 2. (a) Any loan made under the provisions of this act shall be made—

"(1) for an amount not to exceed $25,000;

"(2) for a period not to exceed 15 years;

"(3) at a rate of interest not to exceed 2½ percent per annum; and

"(4) under such other terms and conditions as the Secretary shall prescribe.

"(b) The Secretary may delay the initial annual repayment of any such loan for a period of not more than 6 crop years from the date of the loan in any case in which he determines that the borrower's income will be insufficient to make the initial payment at an earlier date, but this provision shall not have the effect of extending the maximum term of any loan.

"(c) The Secretary is authorized and directed to establish, with respect to all loans authorized under the provisions of this act, variable repayment plans with payments adjusted, without regard to previous excess payments, to the net earnings and ability of the borrower to pay from year to year.

"SEC. 3. The Secretary is authorized to assume not to exceed 50 percent of the cost incurred by any person eligible for a loan under this act in clearing orchard land of any trees rendered commercially unproductive or destroyed as the result of any disaster referred to in the first section of this act, and in the initial replanting or redevelopment of such land.

"Sec. 4. (a) The Secretary is authorized and directed to utilize the facilities of the Farmers' Home Administration for the purpose of administering the provisions of this act.

"(b) The Secretary is authorized to make such rules and regulations and such delegations of authority as he may deem necessary to carry out the provisions of this act.

"SEC. 5. There are authorized to be appropriated to the Secretary such sums as may be necessary to carry out the purposes of this act."

UNITED STATES
DEPARTMENT OF AGRICULTURE,
FARMERS' HOME ADMINISTRATION,
Washington, D. C., June 19, 1956.

Hon. WAYNE MORSE,
United States Senate.

DEAR SENATOR MORSE: Thank you for your letter of May 31 with further reference to the credit needs of orchardists in the Milton-Freewater area resulting from severe losses from last November's freeze.

The principal question presented in your letter of May 31 has to do with the policy of long-term deferments on emergency loans to orchardists in the Milton-Freewater area. The only expression of public policy enunciated by the Congress regarding deferments on agricultural loans by the Department of Agriculture is that which was written into the Bankhead-Jones Farm Tenant Act when the 82nd Congress enacted Public Law 123. Under that statute deferments for two full crop years were authorized in connection with the making of agricultural loans by the Department under certain conditions. The emergency loans now authorized in the Milton-Freewater area are being made pursuant to the provisions of Public Law 38. While from a strictly legal point of view the statute would permit the Department to grant long-term deferments on these emergency loans, it is our opinion that such a policy is not in keeping either with the intent or purpose of the emergency-type loan or in keeping with the only expression of public policy by the Congress on deferments. In addition, the agency has, in the past, rejected a similar proposal in other designated areas involving the rehabilitation of orchards and groves where similar situations existed. For this reason, we feel it is such an important policy in the administration of the emergency lending authority as to warrant congressional consideration. The House Agriculture Committee recently considered this question when reviewing credit bills before that committee. Its report No. 2260 in connection with H. R. 11544 contains a statement of the committee's views on this subject. It is assumed that the policy question will receive Senate consideration in connection with the Senate bills now pending that relate to the matter.

Let me assure you again that we are very sympathetic toward the problems of the orchardists in the Milton-Freewater area and in other areas affected by the freeze, and it is our desire and purpose to render all possible assistance under our authorities. Your interest is appreciated and we shall be glad to hear from you whenever we can be of further service.

Sincerely yours,

R. B. MCLEAISH,
Administrator.

MAY 31, 1956.

Mr. R. B. MCLEAISH,
Administrator, Farmers' Home Administration, Washington, D. C.

DEAR MR. MCLEAISH: Thank you very much for your letter of May 18 in reply to my communication of May 10 concerning the problems of the orchardists in the Milton-Freewater area who suffered severe losses during last November's unprecedented freeze.

I was pleased to note that the Farmers' Home Administration can schedule orchard rehabilitation loans over a period of 20 years in appropriate cases, but I am concerned over the fact that repayment installments of such loans may not be deferred beyond the end of the second crop year following the inception of the loan.

A requirement that repayments in such cases must begin 2 years after the date of the loan makes Farmers' Home Administration assistance unavailable for all practical purposes because the orchards will not bear paying crops until several years after the nursery stock has been planted.

In my letter of May 10, I expressed the view that existing law affords ample latitude for the granting of Farmers' Home Administration loans, including provisions for deferment of repayments until the orchards go into production. I assume that you are in general agreement with this view concerning the existence of such legal authority. However, if, in fact, you do not agree that the law permits the Farmers' Home Administration to make deferred repayment loans of the type requested by the orchardists, I would appreciate your advising me at once so that I may inform the Senate Agriculture Committee of that fact in connection with its consideration of pending farm credit legislative proposals.

The orchardists who are most in need of assistance from the Farmers' Home Administration probably will have to depend upon off-the-farm employment in order to meet normal living costs, installments on farm real-estate mortgages, and payments on taxes and other fixed obligations. Therefore, I find it difficult to understand your statement:

"Consequently, we do not feel that the question of deferment would be the determining factor with very many orchardists of whether they will be able to reestablish their orchards and continue their normal operations. The meeting of the required payments under our program will be far less of a problem with most orchardists than the other obligations and responsibilities which they must be able to assume during the period until their orchards come into production."

It seems to me that the matter of deferring repayments on emergency loans to rehabilitate freeze-destroyed orchards will be of utmost importance to these farmers for the very reason that they have "other obligations and responsibilities which they must be able to assume" as cited in your letter. Emergency loans with longer-than-normal repayment periods would enable these farmers to go about the very difficult task of making ends meet while their orchards approach crop-producing maturity.

I hope that the special problems presented in this case will warrant a sympathetic reconsideration of the decisions expressed in your letter of May 18 because I am satisfied that the orchardists affected by last November's freeze in the Milton-Freewater area present a very deserving case for the maximum assistance that may be made available by the Federal Government.

Sincerely,

WAYNE MORSE.

UNITED STATES DEPARTMENT
OF AGRICULTURE,
FARMERS HOME ADMINISTRATION,
Washington, D. C., May 31, 1956.

Hon. WAYNE MORSE,
United States Senate.

DEAR SENATOR MORSE: This will acknowledge and thank you for your letter of May 10 with further reference to the problems of orchardists in the Milton-Freewater area of Oregon resulting from the severe freeze damage last November.

Assistance is available in this and all other agricultural areas of the country under our regular lending authorities to those applicants who operate not larger than family-type farms and meet the other eligibility requirements established by law for these loans. The purpose of these loans is to help eligible applicants become established or to make the needed adjustments to carry on successful family-size farming operations. These loans are made pursuant to the provisions of the Bankhead-Jones Farm Tenant Act, as amended, and may provide credit for farm purchase, enlargement or development, and also to meet farm-operating expenses. The enclosed leaflets explain briefly the assistance available under these types of loans.

As you know, Umatilla County has been designated as an area in which emergency loans may be made by this agency to eligible applicants whose fruit crops or orchards were severely damaged by the November freeze and who are not able to obtain needed credit from other established sources to continue their normal operations. Under this program, loans may be made to eligible applicants for the removal of dead trees, releveling the land, replanting, and to meet essential operating expenses for the care and maintenance of their orchards. Loans for orchard rehabilitation purposes generally will be secured by liens on real estate in which the borrower must have sufficient equity to protect the Government's invest-

ment. Advances for orchard rehabilitation are expected to be repaid as rapidiy as possibie, but may be scheduled over a period not to exceed 20 years, depending on the circumstances in each individual case. Payments may be deferred to the end of the second crop year following the loan, but beginning then and each year thereafter nominai principai payments must be met along with accrued interest.

Unless borrowers are in position to assume some of the risk in reestablishing their orchards, which couid be done through the payment of interest accruing on their ioans annually and a nominal reduction of principai while the orchard is growing, we do not beiieve the ioan would be sound. In this connection, it should be pointed out that most orchardists wiii find it necessary to earn aii or a substantiai portion of their family living expenses from off-farm employment during the period until the orchard comes into production. Besides meeting their family living expenses, most orchardists aiso wiii have to make arrangements for off-farm income to meet other expenses or obligations, including maturities on their real estate and chattei debts. It is not contemplated that emergency loans wiii be made for any of these purposes. Consequentiy, we do not feel that the question of deferment would be the determining factor with very many orchardists of whether they wiii be abie to reestabiish their orchards and continue their normai operations. The meeting of the required payments under our program will be far less of a problem with most orchardists than the other obligations and responsibiiities which they must be able to assume during the period until their orchards come into production.

We have given very careful consideration to the criticai probiems faced by orchardists in the Milton-Freewater area and it will be our purpose to render aii possible assistance to them, consistent with the intent and purposes of our authorities. We are deeply sympathetic with these people who have iost substantially aii of their iife's savings and investments as a resuit of the November freeze. While the Government is wiiiing to assume higher than normai risks in the extension of credit under our emergency loan authorities, due to the very nature of the program, there is no provision for subsidy in connection with this program. It is necessary, therefore, that appiicants present a reasonabiy sound basis for credit and show that the ioans can be repaid from anticipated income. Where the applicant does have a reasonabiy sound basis for credit, you may be assured that every effort wiii be made to provide the assistance needed for the reestablishment of the orchard.

In addition to the long-term credit for orchard rehabiiitation purposes, mentioned above, assistance may be provided under this program to meet current operating expenses for that portion of the orchard that may stiii be in production, or for the planting of cash crops during an iterim period where this is feasible and the crop to be grown is suitable for the area. Where advances are made for these purposes, of course, it is expected that repayments wiii be made from the saic of the crops produced.

Your interest in this matter is appreciated, and if you have further questions regarding the emergency-loan program or other activities of this agency, we shaii be giad to hear from you.

Sincerely yours,

R. B. McLEAISH,
Administrator.

UMATILLA, OREG., *May 24, 1956.*

Senator WAYNE MORSE,
Washington, D. C.:

Urge immediate passage of Senate biii 3850 and its companion House biii on orchard-disaster ioan for Milton-Freewater.

UMATILLA CHAMBER OF COMMERCE.

PENDLETON, OREG., *May 22, 1956.*

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

Urge support orchard-disaster biii, Milton-Freewater area economic disaster.

VERNE TINNERSTET,
Manager, Pendleton Chamber of Commerce.

BLUE MOUNTAIN PRUNE
GROWERS' COOPERATIVE,
Milton-Freewater, Oreg., May 22, 1956.

Hon. WAYNE MORSE,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR WAYNE: I am back in Oregon, and I presume you are back in Washington. I wish to take this opportunity to thank you, Mr. Berg, and aii the rest of your staff for all the consideration and effort you have put into seeking relief for the stricken orchardists in this area. As you said, you are a fighter, and it is going to take a fight to put S. 3850 across.

I know you wiii expend every effort in our behaif, due to the human misery and distress that is becoming more apparent in this district. I am very sorry that I could not stay in Washington to heip you carry on this worth-while effort, but I am willing to supply you with any needed information and know that you wiii keep me informed of the progress in this matter.

I feel that I have made many friends while I was in Washington, and hope that you and Biii Berg consider yourseives a part of these.

Sincerely,

GLEN C. GIBBONS,
Manager.

MILTON, OREG., *June 3, 1956.*

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

Very pleased and appreciate your efforts. House committee language may be sufficient for loans. Keep contact with FHA. Please continue work direct assistance to relieve acute distress. Many orchardists complete devastation justifies Idaho and Washington. Members should hear from constituents, although their situation not as critical. Thanks again.

GLEN G. GIBBONS,
Milton-Freewater Disaster Committee.

PORTLAND, OREG., *May 18, 1956.*

Senator WAYNE MORSE,
United States Senate.:

Oregon State Grange approves your bill to alleviate freeze loss.

ELMER MCCLURE,
Master, Oregon State Grange.

MAY 23, 1956.

Hon. SPESSARD L. HOLLAND,
Subcommittee on Marketing of Perishable Agricultural Commodities, Committee on Agriculture and Forestry, Washington, D. C.

DEAR SENATOR: There is pending before your subcommittee my biii, S. 3850 providing emergency relief for orchardists whose orchards have been frozen out and compietely destroyed.

It will be deeply appreciated by me if your subcommittee would report out my biii because I think it is a deserving one. If you think it should be revised in any way, I hope you will report out a committee revision.

I am enclosing a wire and my answer to it which speak for themselves.

Any help you can give to me would be very much appreciated.

Cordially,

WAYNE MORSE.

UNITED STATES SENATE,
COMMITTEE ON APPROPRIATIONS,
May 29, 1956.

Hon. WAYNE MORSE,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: Thank you kindly for your letter of May 23 with reference to your biii, S. 3850, which is pending before the Senate Agriculture Subcommittee on Marketing of Perishabie Agricultural Commodities, of which I am chairman.

I appreciate hearing from you on this subject and I hope that our subcommittee will soon be in a position to act on this measure. You may be sure I will bend aii efforts toward this end.

With kind personal regards, I remain,

Your faithfuiiy,

SPESSARD L. HOLLAND.

STATE OF CALIFORNIA,
DEPARTMENT OF AGRICULTURE,
Sacramento, May 23, 1956.

United States Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MORSE: Please send me two copies of S. 3850, a biii to provide financial assistance for the rehabilitation of orchards destroyed or damaged by natural disaster, which bill has been referred to the Committee on Agriculture and Forestry.

Please send me two copies of the remarks made by you when you introduced the biii.

Please send me copies of the printed hearings when the bili is considered by the committee, and any statements or reports issued by any government agency or official in connection with the consideration of S. 3850.

Very truly yours,

MERLE HUSSONG,
Public Information Officer.

MAY 31, 1956.

Mr. MERLE HUSSONG,
Public Information Officer, Department of Agriculture, State of California, Sacremento, Calif.

DEAR MR. HUSSONG: I am pleased to enclose two copies of S. 3850 together with tear sheets from the CONGRESSIONAL RECORD setting forth my remarks at the time the bill was introduced.

The Committee on Agriculture has referred this biii to the Department of Agriculture for comment and report. However, as of this writing, a report has not yet been received.

I have asked the Committee to send you a copy of the hearings which took place on May 17. The hearings have not been printed as yet but you should receive your copy within 3 weeks. If, however, your copy fails to arrive, kindly advise and I shali check again with the Agriculture Committee.

With kindest regards,

Sincerely,

WAYNE MORSE.

BLUE MOUNTAIN PRUNE
GROWERS' COOPERATIVE,
Milton-Freewater, Oreg., June 7, 1956.

Hon. WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: I am enclosing a rather detailed summary of the estimated costs for re-

establishing our orchards in Milton-Freewater, Oreg. This information was requested by Senator HOLLAND to be added to the subcommittee hearings, although I am afraid it is rather late for that purpose. The costs are a result of the work of a group of orchard fieldmen and from the Extension Service and should be fairly accurate in their coverage. This was the type of information the committee wanted, but it took some time to obtain it. Perhaps it will be useful in working with FHA to see that they provide adequate finances in their loan program.

There are a few facts about the statement that I should point out. First, the totals seem rather high since I gave the committee a figure of around $600 per acre to reestablish these orchards. You will note that the land value is included at $500 per acre, plus an interest allowance on the $500 at 5 percent, or $25 per year for each of the six years. This is not an out-of-pocket expense, so $650 could be deducted from our final figures. Considering the minimum amount by taking $650 from $1,321.90, you have the approximate figure that I gave in my testimony.

Second, the maximum figure is rather high, and is based on the cost that the larger orchardists would have since they must hire more of their work done. This should point out some of the advantages of a family size farm when it comes to coping with a situation such as we have now.

The Valley appreciates very much your efforts so far, and I think with a little additional prompting from your office we will soon have a satisfactory orchard loan program. I feel this is at least a partial reward for the time I spent in Washington, and the able assistance I received from all the people there. As I pointed out in the telegram, you should continue with your efforts for direct assistance, since I find considerable disappointment among the growers that something of this nature has not been acted upon yet. I realize fully the difficulties to be encountered, but have constant reminders each day of the need that justifies such action.

With many thanks to you, Bill Berg, and others of your staff,

Sincerely,

GLEN G. GIBBONS,
Manager.

Estimated costs for reestablishing orchards, Milton-Freewater, Oreg.

	Costs per acre	
	Minimum	Maximum
1st YEAR		
Orchard removal:		
Pulling	$10.00	$15.00
Piling and burning	20.00	30.00
Leveling, kilifering, plowing	10.00	20.00
Orchard replanting:		
Nursery stock	92.00	135.00
Setting trees (more expensive in cobbly soil)	10.00	20.00
Orchard removal and replanting, total	142.00	220.00
Cultural practices:		
Ditching, cultivation, and tractor expense	3.00	10.00
Irrigation	2.00	14.00
Fertilizer (½ pound per tree)	2.00	5.00
Sprays (aphids, mites, prune and peach root borer)	3.50	7.50
Cultural practices, total	10.50	36.50
Taxes	15.00	20.00
Depreciation on machinery aud equipment	20.00	30.00
Interest on investment in land ($500 per acre, at 5 percent)	25.00	25.00
Total investment in orchard	212.50	331.50

Estimated costs for reestablishing orchards, Milton-Freewater, Oreg.—Continued

	Costs per acre	
	Minimum	Maximum
1st YEAR—Con.		
Total investment in land	$500.00	$500.00
Total investment at end of 1st year	712.50	831.50
2d YEAR		
Cultural practices:		
Cultivation, ditching, and tractor expense	5.00	15.00
Irrigation	2.00	14.00
Pruning and training		5.00
Sprays:		
Aphids and mites	6.00	15.00
Peach and prune root borer	2.50	2.50
Fertilizer (½ pound per tree)	2.00	5.00
Cultural practices, total	17.50	56.50
Taxes	15.00	20.00
Depreciation on machinery and equipment	20.00	30.00
Interest on investment in land and orchard	38.25	46.90
Total investment at end of 2d year	803.75	984.90
3d YEAR		
Cultural practices:		
Cultivation, ditching, and tractor expense	5.00	15.00
Irrigation	2.00	14.00
Pruning and training		10.00
Fertilizer (¾ pound per tree)	3.00	6.00
Sprays:		
Aphids and mites	10.00	17.50
Peach and prune root borer)	2.00	3.00
Cultural practices, total	22.00	65.00
Taxes	15.00	20.00
Depreciation on machinery and equipment	20.00	30.00
Interest on investment in orchard and land	43.03	54.99
Total investment at end of 3d year	903.78	1,154.89
4TH YEAR		
Cultural practices:		
Cultivation, ditching, and tractor expense	10.00	15.00
Irrigatiou	2.00	14.00
Pruning		10.00
Sprays:		
Aphids and mites	11.00	18.50
Peach and prune root borer	2.00	3.00
Fertilizer (¾ pouud per tree)	3.00	6.00
Cover crop:		
8 pounds orchardgrass seed		5.60
6 pounds alfalfa seed		5.60
Cultural practices, total	28.00	76.00
Taxes	15.00	20.00
Depreciation on machinery and equipment	20.00	30.00
Interest on investment in land and orchard	48.33	64.04
Total investment at end of 4th year	1,015.11	1,344.93
5TH YEAR		
Cultural practices:		
Cultivation, ditching, and tractor expense	10.00	15.00
Irrigation	2.00	14.00
Pruning	10.00	25.00
Sprays:		
Aphids and mites	15.00	25.00
Peach aud prune root horer	2.50	3.50
Fertilizer (2 pounds per tree)	7.50	10.00
Cultural practices, total	47.00	92.50
Taxes	15.00	20.00
Depreciation on machinery and equipment	20.00	30.00
Interest on investment iu land and orchard	54.85	74.37
Total investment at end of 5th year	1,151.96	1,561.80

Estimated costs for reestablishing orchards, Milton-Freewater, Oreg.—Continued

	Costs per acre	
	Minimum	Maximum
6TH YEAR		
Cultural practices:		
Cultivation, ditching, and tractor expense	$15.00	$20.00
Irrigation	2.00	14.00
Pruning	15.00	30.00
Sprays:		
Aphids and mites	15.00	30.00
Other pest controls	10.00	20.00
Fertilizer (3 pounds per tree)	10.00	20.00
Cultural practices, total	67.00	134.00
Taxes	20.00	25.00
Depreciation on machinery and equipment	20.00	30.00
Interest on investment in land and orchard	62.94	87.54
Total investment at end of 6th year	1,321.90	1,838.34

NOTE.—The estimated cost of raising 1 acre of trees is prepared on a minimum and maximum basis. It is estimated that the maximum costs listed might include hiring labor. The minimum costs represent costs when labor is done by the grower for the most part.

UNITED STATES SENATE,
Washington, D. C., May 31, 1956.

Mr. R. B. MCLEAISH, *Administrator,*
Farmers Home Administration,
Washington, D. C.

DEAR MR. MCLEAISH: Thank you very much for your letter of May 18 in reply to my communication of May 10 concerning the problems of the orchardists in the Milton-Freewater area who suffered severe losses during last November's unprecedented freeze.

I was pleased to note that the Farmers Home Administration can schedule orchard rehabilitation loans over a period of 20 years in appropriate cases, but I am concerned over the fact that repayment installments of such loans may not be deferred beyond the end of the second crop year following the inception of the loan.

A requirement that repayments in such cases must begin 2 years after the date of the loan makes Farmers Home Administration assistance unavailable for all practical purposes because the orchards will not bear paying crops until several years after the nursery stock has been planted.

In my letter of May 10, I expressed the view that existing law affords ample latitude for the granting of Farmers Home Administration loans, including provisions for deferment of repayments until the orchards go into production. I assume that you are in general agreement with this view concerning the existence of such legal authority. However, if, in fact, you do not agree that the law permits the Farmers Home Administration to make deferred repayment loans of that type requested by the orchardists, I would appreciate your advising me at once so that I may inform the Senate Agriculture Committee of that fact in connection with its consideration of pending farm credit legislative proposals.

The orchardists who are most in need of assistance from the Farmers Home Administration probably will have to depend upon off-the-farm employment in order to meet normal living costs, installments on farm real estate mortgages, and payments on taxes and other fixed obligations. Therefore, I find it difficult to understand your statement:

"Conscquently, we do not feel that the question of deferment would be the determining factor with very many orchardists of whether they will be abie to reestablish their orchards and continue their normal operations. The meeting of the required

payments under our program will be far less of a problem with most orchardists than the other obligations and responsibilities which they must be able to assume during the period until their orchards come into production."

It seems to me that the matter of deferring repayments on emergency loans to rehabilitate freeze-destroyed orchards will be of utmost importance to these farmers for the very reason that they have "other obligations and responsibilities which they must be able to assume" as cited in your letter. Emergency loans with longer-than-normal repayment periods would enable these farmers to go about the very difficult task of making ends meet while their orchards approach crop-producing maturity.

I hope that the special problems presented in this case will warrant a sympathetic reconsideration of the decisions expressed in your letter of May 18 because I am satisfied that the orchardists affected by last November's freeze in the Milton-Freewater area present a very deserving case for the maximum assistance that may be made available by the Federal Government.

Sincerely,

WAYNE MORSE,
United States Senator.

MAY 16, 1956.

Mr. ELMER MCCLURE,
Master, Oregon State Grange,
Portland, Oreg.

DEAR ELMER: I am pleased to enclose copies of my letters addressed to Senator ELLENDER and Farmers' Home Administrator McLeaish with respect to the situation of the orchardists in Milton-Freewater.

Also, I enclose a few copies of the bill S. 3350 together with several tearsheets from the CONGRESSIONAL RECORD of May 14 containing my remarks in the Senate on this problem.

I believe the enclosures will bring you up to date on the work I am doing on behalf of these hard-pressed farmers and you may be sure that I shall welcome your suggestions as to possible additional action that may be of assistance to these folks.

With kindest regards,

Sincerely,

WAYNE MORSE.

MAY 16, 1956.

Mr. GEORGE DEWEY,
Executive Secretary, Oregon Farm Bureau Federation, Salem, Oreg.

DEAR MR. DEWEY: I am pleased to enclose copies of my letters addressed to Senator ELLENDER and Farmers' Home Administrator McLeaish with respect to the situation of the orchardists in Milton-Freewater.

Also, I enclose a few copies of the bill S. 3850 together with several tear sheets from the CONGRESSIONAL RECORD of May 14 containing my remarks in the Senate on this problem.

I believe the enclosures will bring you up to date on the work I am doing on behalf of these hard-pressed farmers and you may be sure that I shall welcome your suggestions as to possible additional action that may be of assistance to these folks.

With kindest regards.

Sincerely,

WAYNE MORSE.

SALEM, OREG., *May 15, 1956.*

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: Regarding assistance orchardists Milton-Freewater area could you wire—write me your activity their behalf at our request and present status situation. Such report mutually helpful regards.

HARLEY LIBBY,
President, Oregon Farmers Union.

MAY 16, 1956.

Mr. HARLEY LIBBY,
President, Oregon Farmers Union,
Salem, Oreg.

DEAR MR. LIBBY: Supplementing my wire of today in answer to your telegram of May 14, I am pleased to enclose copies of my letters addressed to Senator ELLENDER and Farmers' Home Administrator McLeaish with respect to the situation of the orchardists in Milton-Freewater.

Also I enclose a few copies of the bill S. 3850 together with several tear sheets from the CONGRESSIONAL RECORD of May 14, containing my remarks in the Senate on this problem.

I believe the enclosures will bring you up to date on the work I am doing on behalf of these hard-pressed farmers and you may be sure that I shall welcome your suggestions as to possible additional action that may be of assistance to these folks.

With kindest regards,

Sincerely,

WAYNE MORSE.

MAY 16, 1956.

Mr. HARLEY LIBBY,
President, Oregon Farmers Union,
Salem, Oreg.:

Received your telegram of May 14. Have worked closely with Senate Agriculture Committee and have been in close touch with Farmers' Home Administration in effort to be of all possible assistance to orchardists Milton-Freewater area. Have conferred with Mr. Glen Gibbons, who represents orchardists and other groups in Milton-Freewater area. Have asked Senator ELLENDER for cooperation by possible inclusion of nursery stock and orchards in conservation reserve portion of soil-bank bill. Have asked Administrator McLealsh, of Farmers' Home Administration, to make long-term loans available to orchardists with postponed period beginning repayment. On May 14, Senator NEUBERGER and I joined in introducing the bill S. 3850, to provide financial assistance for rehabilitation of these orchards. Air mail letter follows.

Regards.

WAYNE MORSE,
United States Senator.

MAY 15, 1956.

Mr. NORTON TAYLOR,
Secretary, Disaster Committee,
Milton-Freewater, Oreg.

DEAR MR. TAYLOR: In view of your interest in the subject of obtaining assistance for the fruitgrowers of the Milton-Freewater area whose orchards were destroyed in the November 1955 freeze, I am pleased to enclose a copy of the bill S. 3850, together with a tearsheet from yesterday's CONGRESSIONAL RECORD containing my remarks at the time the bill was introduced.

With kindest regards,

Sincerely,

WAYNE MORSE.

OREGON STATE COLLEGE,
SCHOOL OF AGRICULTURE,
Corvallis, May 14, 1956.

Hon. WAYNE MORSE,
United States Senate,
Washington, D. C.

MY DEAR SENATOR MORSE: I have just received your letter of May 11 with attached letters indicating your efforts in behalf of the fruitgrowers at Milton-Freewater. I visited that area last week. The situation is really bad. The summary of the situation is about as follows: 2,200 acres prunes, 95 percent dead; 900 acres late apples, 75 percent dead; 300 acres cherries, 100 percent dead; 200 acres peaches, 100 percent dead.

There are some 500 or 600 acres of principally early apples that appear to have survived the freeze. It appears to me that there is liberal justification for Farmers' Home Administration loans for the orchardists that have commercial-sized units.

Very truly yours,

F. E. PRICE,
Dean and Director.

MAY 19, 1956.

Dean F. E. PRICE,
Oregon State College, School of Agriculture, Experiment Station,
Corvallis, Oreg.

DEAR DEAN PRICE: Many thanks for your letter of May 14 relative to the Milton-Freewater fruit growers situation. Your communication arrived just in time to enable me to include the facts concerning the extent of the damage suffered by the growers, in the statement that I presented under date of May 17 to the subcommittee of the Senate Agriculture Committee considering farm credit legislative proposals.

In view of your interest, I am enclosing a typewritten copy of my statement. The matter of the damage appears at page 2. I am also enclosing a copy of the bill S. 3850 sponsored jointly by Senator NEUBERGER and myself and a copy of my statement appearing in the CONGRESSIONAL RECORD of May 14.

Again, many thanks for the facts you supplied.

With kindest regards,

Sincerely,

WAYNE MORSE.

MAY 15, 1956.

Mr. BARLOW CLARK,
Manager, Stadleman Fruit Co.,
Milton-Freewater, Oreg.

DEAR MR. CLARK: For your information, I am pleased to enclose a copy of the bill S. 3850 together with my remarks in the Senate at the time the bill was introduced.

I have been in close touch with Mr. Gibbons in an effort to be of all possible assistance. You may be sure that I shall continue to do everything I can to help the orchardists in bringing about rehabilitation of their farms.

With kindest regards,

Sincerely,

WAYNE MORSE.

MAY 15, 1956.

Mr. ARCHIE HARRIS,
President, Disaster Committee,
Milton-Freewater, Oreg.

DEAR MR. HARRIS: In view of your interest in the subject of obtaining assistance for the fruitgrowers of the Milton-Freewater area whose orchards were destroyed in the November 1955 freeze, I am pleased to enclose a copy of the bill S. 3850 together with a tearsheet from yesterday's CONGRESSIONAL RECORD containing my remarks at the time the bill was introduced.

With kindest regards,

Sincerely,

WAYNE MORSE.

MAY 15, 1956.

Mr. AL HOFFMAN,
Manager, Mojonnier & Sons,
Milton-Freewater, Oreg.

DEAR MR. HOFFMAN: For your information, I am pleased to enclose a copy of the bill S. 3850 together with my remarks in the Senate at the time the bill was introduced.

I have been in close touch with Mr. Gibbons in an effort to be of all possible assistance. You may be sure that I shall continue to do everything I can to help the orchardists in bringing about rehabilitation of their farms.

With kindest regards,

Sincerely,

WAYNE MORSE.

MAY 15, 1956.

Mr. and Mrs. WALKER C. ELLIS,
Milton-Freewater, Oreg.

DEAR FRIENDS: For your information, I am pleased to enclose a copy of the bill S. 3850 together with my remarks in the Senate at the time the bill was introduced.

I have been in close touch with Mr. Gibbons in an effort to be of all possible assistance. You may be sure that I shall continue to do everything I can to help the orchardists in bringing about rehabilitation of their farms.

With kindest regards,
Sincerely,

WAYNE MORSE.

MAY 15, 1956.

The EDITOR, EAGLE TIMES,
Milton-Freewater, Oreg.

DEAR SIR: For your information, I am pleased to enclose a copy of the bill S. 3850, together with my remarks in the Senate at the time the bill was introduced.

I have been in close touch with Mr. Gibbons in an effort to be of all possible help. You may be sure that I shall continue to do everything I can to assist the orchardists in bringing about rehabilitation of their farms.

With kindest regards.
Sincerely,

WAYNE MORSE.

MAY 15, 1956.

The EDITOR, WALLA WALLA UNION BULLETIN,
Walla Walla, Wash.

DEAR SIR: For your information, I am pleased to enclose a copy of the bill S. 3850 together with my remarks in the Senate at the time the bill was introduced.

I have been in close touch with Mr. Gibbons in an effort to be of all possible assistance. You may be sure that I shall continue to do everything I can to help the orchardists in bringing about rehabilitation of their farms.

With kindest regards,
Sincerely,

WAYNE MORSE.

PENDLETON, OREG., *May 8, 1956.*

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

Understand Mr. Gibbons, Milton-Freewater, to be in Washington, D. C., area in trouble freezeout of trees. Appreciate your thorough study. Pendleton Chamber of Commerce sympathetic to need.

VERNE H. TINNERSTET,
Manager.

MAY 11, 1956.

Mr. VERNE H. TINNERSTET,
Manager, Pendleton Chamber of Commerce, Pendleton, Oreg.

DEAR MR. TINNERSTET: Thank you very much for your wire of May 8 in which you advise that Mr. Glenn Gibbons of Milton-Freewater would be in Washington to confer on the problems of the fruit orchardists who suffered severe losses in last November's unprecedented freeze.

Mr. Gibbons reached Washington the other day and has been in close touch with Mr. Berg, my administrative assistant, and with Senator NEUBERGER's office. Within the next day or two, I intend to talk with Mr. Gibbons personally to explore the entire problem in greater detail.

Today, I communicated with Senator ELLENDER and with Administrator McLeaish if the Farmers Home Administration in an effort to be of assistance. The details are contained in the enclosed copies of my letter to these gentlemen.

You may be sure that I shall do everything possible to obtain assistance for the farmers who have experienced such severe damage to their farms.

With kindest regards,
Sincerely,

WAYNE MORSE.

MAY 11, 1956.

Mr. and Mrs. WALKER C. ELLIS,
Milton-Freewater, Oreg.

DEAR FRIENDS: Supplementing our correspondence on the subject of the severe losses experienced by fruit growers in the Milton-Freewater area, I enclose copies of letters I addressed yesterday to Senator ELLENDER and to Administrator McLeaish of the Farmers Home Administration.

I thought you would like to have this latest information on what I am endeavoring to do on behalf of these hard-pressed farmers.

With kindest regards,
Sincerely,

WAYNE MORSE.

MAY 15, 1956.

Mr. HENRY DIXON,
Milton-Freewater, Oreg.

DEAR MR. DIXON: Supplementing my letter of May 11, I thought you would like to know that yesterday Senator NEUBERGER and I introduced the bill S. 3850, to provide financial assistance for the rehabilitation of orchards destroyed by the heavy freeze of November 1955.

Also enclosed is a tear sheet from the CONGRESSIONAL RECORD containing my remarks at the time the bill was introduced.

Senator NEUBERGER and I are working closely with Mr. Gibbons on this project and you may be sure that we shall do everything possible to be of help to the fruit growers of your area.

With best personal regards,
Sincerely,

WAYNE MORSE.

MAY 11, 1956.

Mr. HENRY DIXON,
Milton-Freewater, Oreg.

DEAR MR. DIXON: Thank you very much for your letter of April 23 concerning our mutual efforts to obtain assistance for the farmers who suffered such severe losses in the freeze of last November.

My Administrative Assistant, Bill Berg, told me of his telephone conversation with you of the other day. I certainly appreciated your advising that Glenn Gibbons would be in Washington to work on this problem. Mr. Gibbons has been conferring with Bill and with John Jones of Senator NEUBERGER'S office and I am looking forward to talking to Mr. Gibbons personally about the entire problem.

In an effort to be of assistance, I have suggested to Senator ELLENDER that the soil bank conservation reserve program be modified so as to include clear-cut relief for the farmers whose orchards were destroyed. Also, I have communicated with the Administrator of the Farmers' Home Administration asking that everything possible be done to provide more liberal credit arrangements for these farmers. Copies of my letter to Senator ELLENDER and Mr. McLeaish are enclosed.

You may be sure that I shall do everything possible to be of help in this case.

With kindest regards,
Sincerely,

WAYNE MORSE.

MILTON-FREEWATER, OREG., *April 23, 1956.*

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MORSE: As per your last letter we contacted Dean Price and he will be in Umatilla County the first part of May. The disaster committee will help Dean Price make this suggested survey.

I am enclosing a suggested amendment to the soil-bank legislation now pending before Congress, which was given me by the chairman of the disaster committee. They are working with other areas in the Northwest and contacting all Congressmen in regard to this suggested amendment.

We are of the opinion that this is a workable solution and trust you will give it your utmost consideration.

Thank you for your past courtesies.
Sincerely,

HENRY DIXON,
Chairman, Democratic Committee,
Umatilla County.

SUGGESTED AMENDMENT TO SOIL BANK LEGISLATION OR THE APPROPRIATION BILL TO BE USED FOR SOIL BANK PURPOSES

Funds under this act will be made available to fruit and vegetable farmers in areas where, as a result of a flood, freeze, hurricane, or other natural cause, production from valuable cropland has been seriously impaired or destroyed and the area has been declared a disaster area by the Secretary of Agriculture under existing law: *Provided, however,* That—

1. Payments shall not exceed $150 per acre per year, and shall vary according to the extent of the damage, type, and value of the land, and the individual requirements of the various crops.

2. Payments will be made for the replanting and redevelopment of only such lands as have proven suitable for cropping by past production history; provided that land will not be considered unsuitable only because of size of the acreage.

3. In the event of fruit orchards or similar crops intercropping of young plantings with row crops will not affect payments under this act unless they are in excess of 20 acres per farm unit.

OREGON STATE COLLEGE,
SCHOOL OF AGRICULTURE,
Corvallis, April 3, 1956.

Hon. WAYNE MORSE,
United States Senate,
Washington, D. C.

MY DEAR SENATOR MORSE: I have your letter of March 29 transmitting the letter which Henry Dixon of Milton-Freewater wrote to you regarding a loan that would be made available to farmers in their area to help them through their rehabilitation period as a result of the freeze of last fall which killed a large part of their fruit trees. As per my conversation with you last week in your office, I believe it would be appropriate for me to take no action until Mr. Dixon writes to me indicating his desire for help from us.

Very truly yours,

F. E. PRICE,
Dean and Director.

MAY 11, 1956.

Mr. F. E. PRICE,
Dean and Director, Oregon State College, School of Agriculture, Corvallis, Oreg.

DEAR MR. PRICE: Supplementing our recent correspondence on the subject of the severe losses experienced by fruitgrowers in the Milton-Freewater area, I enclose copies of letters I addressed yesterday to Senator ELLENDER and to Administrator McLeaish of the Farmers Home Administration.

I thought you would like to have this latest information on what I am endeavoring to do on behalf of these hard-pressed farmers.

With kindest regards,
Sincerely,

WAYNE MORSE.

MAY 23, 1956.

Mr. HENRY DIXON,
Milton-Freewater, Oreg.

DEAR MR. DIXON: This is just a short note to bring you up to date on the problem of the Milton-Freewater orchardists. As you know, I introduced the bill S. 3850 and made a statement on the floor of the Senate concerning the matter. I also submitted a statement to the Senate Subcommittee on Agriculture and Forestry.

For your own personal information, I enclose a copy of a wire from Glen Gibbons and a copy of my reply to him.

I shall let you know of any further developments.

With best regards,

Sincerely,

WAYNE MORSE.

MAY 14, 1956.

ASSISTANCE FOR OREGON'S DISASTER-STRICKEN ORCHARDS

(Statement by Senator WAYNE MORSE)

Mr. President, in the month of November 1955 a disaster struck the fruit orchards of northeastern Oregon and part of the States of Idaho and Washington in the form a sudden, unprecedented freeze which completely wiped out long established and highly productive fruit orchards of approximately 450 farm families in my own State. This was not merely the type of freeze which destroys 1 year's crop. This completely killed the trees themselves leaving the farmers without the slightest hope for a fruit crop in short of about 7 years.

The sad fact is that a majority of the farmers who were hit by this tragic occurrence do not have the means to rehabilitate their orchards on their own reserves. They are faced with heavy costs of clearing out the dead trees, purchasing nursery stock and bringing the young trees to productive maturity. Activities of this type require money, but the orchardists who have brought their problem to my attention have told me that even after exercising the most diligent efforts, they have been unable to obtain credit locally or through the facilities of the Federal Government which will enable them to do this rehabilitation job under a loan program which is consonant with their practical needs.

Representatives of these Oregon orchardists have talked to officials of the Farmers Home Administration in the regional office as well as here in Washington but their efforts have been futile. The FHA apparently takes the position that repayment installments should begin soon after the original loan is made. Obviously, such a condition does not accord with reality because the plain fact is that it takes about 7 years from the time of planting the nursery stock to the time at which production commences in paying quantities.

Mr. President, the farms that have been hit by this unprecedented disaster have generally and over a period of 50 years or more established their economic value as evidenced by a fine record of production of an important portion of our Nation's food supply. In most instances, the farmers who have experienced this disaster have exhausted their efforts to refinance their farm operations and unless they can obtain assistance from the Federal Government and get it quickly, there appears to be no alternative other than forced liquidation of some very fine farms. This, in turn, will simply mean that more farm families will have to join the growing numbers who are leaving their farms to reside in urban areas.

In order to assist in bringing these fine farms back into production, I am introducing a bill to provide financial assistance for the rehabilitation of such orchards. Under this bill, the Secretary of Agriculture is authorized to make emergency loans to orchard operators and owners in disaster areas, designated as such by reason of freeze, drought, hurricane, disease or other natural causes; provided he establishes he is unable to obtain financial assistance from private sources and shows that he has a reasonably good chance of repaying his loan.

Loans under this bill would be made not in excess of $25,000 and not to exceed 15 years at 2½ percent interest per annum.

The repayment period would not begin prior to 6 crop years from the date of the loan in any case in which it is determined by the Secretary of Agriculture that the borrower's income will be insufficient to make payment at an earlier date. However, the bill would also authorize variable payments to meet the situations in which net earnings and ability to pay are higher or lower than normal.

This bill would authorize the Secretary of Agriculture to assume not to exceed 50 percent of the cost of clearing the disaster-stricken orchard and initiating replanting or redeveloping the land.

Mr. President, I introduce this disaster-aid bill on behalf of myself and my colleague, Senator NEUBERGER, and I urge its prompt and sympathetic consideration by the appropriate Senate Committee because of the emergency nature of the problem covered by this proposed legislation.

MAY 17, 1956.

STATEMENT OF SENATOR WAYNE MORSE BEFORE SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION OF THE SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. Chairman and members of the subcommittee, my statement shall be limited to two of the bills now under consideration by the subcommittee, namely, S. 3790 and S. 3850, both of which relate to the need for a more realistic farm credit program.

S. 3790

The bill, S. 3790 of which Senator HUMPHREY is sponsor and I am one of several cosponsors has been introduced in the Senate for the purpose of meeting a problem that has come to my attention with growing intensity for many months. Farmers, throughout the State of Oregon, particularly those on our socalled "family-sized" farms, have supplied sufficient evidence to indicate that there is a growing crisis developing with respect to their needs for credit. Since 1953, the high interest, tight money policy of the administration has hurt farmers and rural communities.

Boiled down to its essentials, S. 3790 would increase the amount that may be borrowed by farmers through Government lending agencies. It would lengthen the period in which the loan may be repaid and it would provide urgently needed low interest credit. A feature of special significance is that part of the bill would direct the Secretary of Agriculture to make repayments on all loans variable so that installments could be reduced in years of low income and increased when yields and prices are good.

S. 3790 would make available to small business, whose interests are closely related to those of our farmers, the opportunity to obtain credit through the facilities of the Department of Agriculture. The administration's farm program is hurting small-business men as well as farmers. They need more liberal credit terms than those now available if they are to continue in operation during this era of reduced farm purchasing power.

S. 3790 would not put out of business those who are now engaged in the farm-loan business. Instead, it would fill a void. Its plan would operate so as to supplement rather than replace the existing credit operations of banks, insurance companies, and private individuals. It would stimulate the making of sound loans on a more liberal basis.

I shall not extend my discussions of this very meritorious bill because Senator HUMPHREY, who drafted its provisions, has exceptional ability in explaining, in clear and understandable terms, the technicalities of legislative proposals. I urge the committee's favorable consideration of this bill.

S. 3850

The Milton-Freewater area of Oregon has, for over 50 years, been an important fruit-growing area of my State. Last winter, an unprecedented disaster struck these orchards by way of a freeze which eliminated the bulk of the fruit trees on these farms. The extent of the damage has been very carefully checked by Dean F. E. Price of the Extension Service Experiment Station at Oregon State College. Just today, I received a letter from Dean Price who advised me that last week he visited the Milton-Freewater area. He stated:

"The situation is really bad. The summary of the situation is about as follows: 2,200 acres prunes, 95 percent dead; 900 acres late apples, 75 percent dead; 300 acres cherries, 100 percent dead; 200 acres peaches, 100 percent dead.

"There are some 500 or 600 acres of principally early apples that appear to have survived the freeze. It appears to me that there is liberal justification for Farmers Home Administration loans for the orchardists that have commercialized units."

This was not a mere crop disaster. Dean Price's résumé of the damage shows that the November 1955 freeze killed the trees themselves, leaving most of the farmers without the slightest hope for a fruit crop the next 7 years.

The sad fact is that a majority of the farmers who were hit by this tragic occurrence do not have the means of the financial reserves with which to rehabilitate their orchards. They are faced with heavy costs of clearing out the dead trees, purchasing nursery stock, and bringing the young trees to productive maturity. Activities of this type require money; but the orchardists who have brought their problems to my attention have told me that even after exercising the most diligent efforts, they have been unable to obtain locally or through the facilities of the Federal Government credit which will enable them to do this rehabilitation job under a loan program which is consonant with their practical needs.

Representatives of these Oregon orchardists have talked to officials of the Farmers' Home Administration in the regional office, as well as here in Washington; but their efforts have been futile. The FHA apparently takes the position that repayment installments should begin soon after the original loan is made. Obviously, such a condition does not accord with reality, because the plain fact is that it takes about 7 years from the time of planting the nursery stock to the time when production commences in paying quantities.

The Milton-Freewater community is, by no means, an experimental fruit growing area. For more than 50 years, the orchards in that part of my State have established their economic value, as evidenced by a fine record of production of an important item of our Nation's food supply. In most instances, the farmers who have experienced this disaster have exhausted their efforts to refinance their farm operations; and unless they can obtain assistance from the Federal Government, and obtain it quickly, there appears to be no alternative other than forced liquidation of some very fine farms. This, in turn, will simply mean that more farm families will have to join the growing numbers who are leaving their farms to reside in urban areas.

S. 3850 would provide an orderly program for supplying financial assistance for the rehabilitation of these disaster-stricken orchards.

Under this bill, the Secretary of Agriculture is authorized to make emergency loans

to orchard operators and owners in disaster areas, designated as such by reason of freeze drought, hurricane, disease or other natural causes, provided they establish that they are unable to obtain financial assistance from private sources, and show that they have reasonably good chances of repaying such loans.

Loans made under the bill would be not in excess of $25,000 and for not to exceed 15 years, at 2½ percent interest per annum.

The repayment period would not begin prior to six crop years from the date of the loan in any case in which it is determined by the Secretary of Agriculture that the borrower's income will be insufficient to make payment at an earlier date. However, the bill would also authorize variable payments, to meet the situations in which net earnings and ability to pay are higher or lower than normal.

The bill would authorize the Secretary of Agriculture to assume not to exceed 50 percent of the cost of clearing the disaster-stricken orchards and initiating replanting or redeveloping the land.

Mr. Glen Gibbons, manager of the Blue Mountain Prune Growers Cooperative, will supply the subcommittee with further details concerning the needs of the orchardists and the importance of this bill insofar as it relates to their economic future.

In closing, Mr. Chairman, I wish to thank the subcommittee for the courtesy extended in permitting Mr. Gibbons to testify during the course of the present hearings.

MILTON-FREEWATER, OREG., *March 22, 1956.*
Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MORSE: You are no doubt aware of the drastic damage the winter's freeze has brought to the fresh fruit grower here in the Northwest. In our particular area 75 percent of the growing trees have been killed, and there will be little or no crop on the balance.

I am writing in regard to some sort of loan that may be worked out for the farmers in this area; for example: 10-year loan at 3-percent interest with no principal payment for the first 6 years of the loan. This loan must not be necessarily secured by a first mortgage.

This disaster loan which has been approved for the Milton-Freewater area is of little, if any, value at all to the fruit farmer.

Senator MORSE, you understand that it takes from 6 to 8 years for a prune or apple tree to start bearing and this area would be little worse off had there been a flood instead of a freeze. If something isn't done to help these fine farmers I am afraid a good many of them will go broke.

If either yourself or Senator NEUBERGER could find the time to come and make an on-the-spot investigation of this very serious situation I think you would realize the aid needed.

Your immediate acknowledgment of this letter will be greatly appreciated.

Sincerely,

HENRY DIXON,
Chairman, Democrat Committee,
Umatilla County.

MARCH 29, 1956.
Mr. HENRY DIXON,
Chairman, Democrat Committee, Umatilla County,
Milton-Freewater, Oreg.

DEAR MR. DIXON: I want you to know of my deep interest in the problem facing the fruitgrowers of Milton-Freewater and that I am anxious to be of all possible assistance.

Dean Price, who is director of agriculture at Oregon State College, was in Washington and I consulted with him about your problem and he made clear to me that the college would be glad to be of assistance to your group, if you would like to have them come in and make a survey of the situation and advise with you. For that reason, I have taken the liberty of forwarding your letter to the college for the attention of Dean Price.

My suggestion is that you ought to consider favorably writing to Dean Price and ask for their cooperation. I give you that advice because I am satisfied that the United States Department of Agriculture officials always seek the cooperation of the State when such a problem is involved, which I think is a very desirable thing for them to do. I have a very high regard for Dean Price and I know that, if you would like to have the Oregon State College give assistance to you, he will do everything he can to help out.

With kindest regards,
Sincerely,

WAYNE MORSE.

MARCH 29, 1956.
Dean F. E. PRICE,
Dean and Director of Agriculture,
Oregon State College,
Corvallis, Oreg.

DEAR DEAN PRICE: I want you to know how much I appreciate your taking the time from your busy schedule to talk with me about the problems of the fruitgrowers in Milton-Freewater.

As I promised you, I am enclosing the letter I received from Henry Dixon, and I have written to Mr. Dixon telling him that I have sent his letter to you. It is good to know of your willingness to help out in this situation, and I should be glad to do anything that I can from here.

With kindest personal regards,
Sincerely,

WAYNE MORSE.

MARCH 27, 1956.
Mr. HENRY DIXON,
Chairman, Democratic Committee,
Umatilla County,
Milton-Freewater, Oreg.:

Appreciate your letter concerning serious problem facing fruitgrowers of Milton-Freewater. Have had several conferences today with officials of Agriculture Department and have urged special economic conference of agriculture specialists to be held in Milton-Freewater to work out long-range plan. Agriculture officials have indicated they are favorably inclined and I anticipate that such conference will be held within short time. I believe Farmers Home Administration loans must be liberalized and I shall work toward that goal at hearings to be held before Senate Agriculture Committee in April. Regards.

WAYNE MORSE,
United States Senator.

UNITED STATES SENATE,
COMMITTEE ON APPROPRIATIONS,
July 2, 1956.
Hon. WAYNE MORSE,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: Thank you kindly for your letter of June 23 with further reference to S. 3850, which you introduced, to provide emergency relief for orchardists who suffer disaster losses. I am taking the liberty of referring your letter to our committee staff for study.

I understand and appreciate your concern in this matter, and I am glad to have your additional comments on this bill.

With kind regards, I remain,
Yours faithfully,

SPESSARD L. HOLLAND.

BLUE MOUNTAIN PRUNE
GROWERS' COOPERATIVE,
Milton-Freewater, Oreg., June 19, 1956.
Hon. WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MORSE: Thanks for the information on the House committee action. This wording should be adequate to accomplish our loan program, if backed up by a similar Senate Committee directive, which I am sure you and Senator Neuberger will secure. The language should be plain enough for FHA to act on, I should think. Thanks for your continued efforts, on our behalf.

Sincerely,

GLEN G. GIBBONS,
Manager.

OREGON STATE COLLEGE,
SCHOOL OF AGRICULTURE,
Corvallis, June 18, 1956.
Hon. WAYNE MORSE,
United States Senate,
Washington, D. C.

MY DEAR SENATOR MORSE: I wish to thank you for your letter of June 4, regarding the work that you are doing in Washington to make the Farmers' Home Administration lending authority of more practical value to the Milton-Freewater freeze disaster area. I certainly hope that this can be worked out, as I believe it will be practical and will give the orchardists about all they would expect from any Federal agency.

Very truly yours,

F. E. PRICE,
Dean and Director.

Mr. STENNIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STENNIS. Is the bill now open to amendment?

The PRESIDING OFFICER. The committee amendments will be first considered.

Mr. HOLLAND. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc without prejudice to the right of any Senator to offer any amendment he may care to offer.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Mississippi will be stated.

The CHIEF CLERK. It is proposed, on page 3, line 9, to change the period to a semicolon, add the word "and" and insert a new paragraph, as follows:

(3) loans in amounts not exceeding $15,000 per farm for the construction, improvement, repair, or replacement of farm dwellings and other buildings on farms the operation of which requires no more than 3 farm families or 3 farm dwellings may be insured under this act.

Mr. STENNIS. Mr. President, I first desire to add my word of commendation for the Senator from Florida and other Senators for their fine work on what I think is one of the most important bills to come before this session of Congress, because it goes to the very vitals of the preservation of so many of our rural communities throughout the country.

I also wish to compliment the Senator from Vermont [Mr. AIKEN] for his interest in this bill. He introduced it, and I appreciate his inviting me to join as one of the cosponsors.

Mr. President, my amendment is very simple. It has been considered, in part, by the committee, and it is offered for only one purpose. Under the present law and regulations, the definition of a family-size farm is so limited that it does not include a farm on which there is one tenant. Many of our small farms are very much in need of long-term credit. A farm may be a modest one and, still, it may have 1 or possibly 2 tenants living on it. It is a home for the tenants, and they make a living there.

But, Mr. President, unless my amendment should be adopted, some fine young couples living on small farms would be deprived of the benefits of this bill, because their farms would be classified as larger than a family-sized farm.

I had before the commitee an amendment which provided that such farms larger than family-sized farms would be eligible for a loan. The committee decided that that would broaden the field too much, open up too many possibilities, and might possibly get us into the realm of high financing. Of course, that was not my purpose. I want the eligibility to stop, so far as I am concerned, at the small-farm level. My purpose is to make eligible such groups as I have referred to. I do not have in mind making a person who may have 15 or 20 tenants eligible for a loan. I am trying to reach those who cannot get long-term credit, and are not able otherwise to finance their farms. This bill would vitally affect a great many communities in my State.

Mr. AIKEN. Mr. President, will the Senator from Mississippi yield?

Mr. STENNIS. I yield.

Mr. AIKEN. I understand the Senator's amendment would apply to a farmer who, perhaps, has two sons living on the farm with him, and it would enable him to make repairs, not only to his own home, but to the other houses on the farm as well.

Mr. STENNIS. That is correct.

Mr. AIKEN. It is not intended to apply to a landlord who, perhaps, may have half a dozen farms and would perhaps borrow to construct or repair three houses. I think the Senator's amendment is good, and I am glad to support it, because I believe it is just as important to have a family living on the farm, even though they do not happen to be the owner, as it is for the owner himself.

Mr. STENNIS. The Senator's interpretation of my amendment is correct, and I certainly thank him for his interest and his support.

Mr. HUMPHREY of Minnesota. I may say to the Senator from Mississippi that I feel his amendment is meritorious. He has spoken to me in detail, as he has to other members of the committee, of the necessity of this type of authorization. In the light of the limitations which the Senator has placed in his amendment, I think it merits our support.

Mr. STENNIS. I thank the Senator from Minnesota.

Mr. HOLLAND. Mr. President, will the Senator yield ?

Mr. STENNIS. I yield.

Mr. HOLLAND. Of course, the Senate may do as it wishes about the amendment, but I hope the Senate will allow me to accept it and to take it to conference, in the hope that we can include it in the bill.

I am in the position of having wanted to go much further than this with reference to the earlier amendment of the Senator from Mississippi, because of various factors, not only what the Senator has mentioned, but particularly because the housing bill seems to be in jeopardy. Although the Senate passed it a good while ago with a substantial provision affecting rural housing, in my understanding, up until today, at least, is that the measure has not been taken up in the House. That was a rather compelling additional objective.

However, the committee unanimously, after having discussed the whole matter and having found rather great differences of opinion, felt that as it was originally worded, it opened up a brand new field, and took the bill away from the position of being designed to serve marginal cases.

I believe I made the suggestion to the Senator from Mississippi that he reword the amendment in a manner which would confine it to a farm which really was marginal but happened to have a couple of little tenant houses on it. It might be a case of a family, as was suggested by the Senator from Vermont [Mr. AIKEN]; it might be a case of a farmer who on his farm a couple of tenant families who had nowhere else to go and nothing else to do.

I think there is merit in the amendment. I think it comes under the marginal classification, and I shall support it in the belief that it comes under the marginal classification. I do not believe a man having two tenants would be entitled to borrow from the FHA if he was highly prosperous, any more than he would if he did not have any tenants. The amendment does not tend to permit him to go outside the scope of the act, but it extends the act, I think, in a direction which would be helpful.

I shall be very happy to accept the amendment unless there is objection from the committee.

Mr. STENNIS. I thank the Senator from Florida.

Mr. AIKEN. Mr. President, I think the bill on which we are acting is extremely important, particularly to a certain class of people who live in rural communities, and that it will go far toward carrying on the rural development program in which we are all interested. Yet I realize that we are far from having attained perfection in the field of farm finance.

I am particularly concerned with the proposal of the senior Senator from Oregon [Mr. MORSE] in regard to the people who have perhaps lost their entire orchards. It so happens that those who took the best care of their orchards have suffered the greatest losses. The very thrifty orchards, which ranged in age from 10 to 12 years, were more susceptible to freezes than were the older, perhaps more poorly cared for trees.

I think that as soon as possible some kind of plan ought to be devised to enable orchardists to become eligible for disaster loans or some other kind of loan program, in order to get on their feet again, because I know what it means for one to lose all his fruit trees in 1 or 2 nights.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. MORSE. I intend to pursue the suggestion which the Senator from Vermont has just made in regard to trying to amend this farm-disaster loan bill so as to provide some relief for orchardists.

The second comment I wish to make is that what the Senator has said about the very best orchards being completely wiped out suddenly is true. The orchardists keep the archards cultivated and the drainage perfect, which makes them more susceptible to freezing.

Mr. AIKEN. It is true that sometimes those who have taken the best care of their orchards suffer the greatest damage, unless conditions in Oregon are different from what they are in my section of the country.

Mr. STENNIS. I am glad to submit the amendment.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Mississippi [Mr. STENNIS] is agreed to.

The bill is open to further amendment.

Mr. HUMPHREY of Minnesota. Mr. President, before I offer my amendment, I again wish to state that I am very much concerned about the language in the bill on page 3, line 10, section (d), which reads as follows:

> Section 2 (b) is amended by striking from the first sentence thereof the word "the" preceding the word "rates" and inserting in lieu thereof the word "reasonable," and by striking the words "(but not exceeding the rate of five percent per annum)."

What the bill does is to substitute the words "reasonable rates of interest" for the words "five percent or not exceeding the rate of 5 percent per annum."

I understand the argument which is made for reasonable rates of interest. The argument made is that the Farmers' Home Administration is not supposed to be competitive with the existing commercial and cooperative credit institutions. But I think we must face up to the fact that interest rates have been climbing in the commercial banks and in other lending institutions, not only for industrial purposes or industrial expansion and consumer credit, but also for farm credit.

I am of the opinion that the proposed language, instead of putting a brake on the race toward higher interest rates, more or less joins the race, and says, "We will go right along."

The Farmers' Home Administration is primarily designed, through its purposes and objectives, to assist family farmers, particularly family farmers who have had difficulty getting credit in

the commercial credit institutions or the private and cooperative credit institutions. The one group in this country which is least able to pay high interest rates is the group of citizens to which the bill is directed. It does not make much difference to a man who is making a good profit whether he pays 4 or 5 percent interest. It may make a financial difference, but it will not be one which will basically determine whether he will stay in or go out of business.

But the bill and the Bankhead-Jones Act are designed to help people who are in financial trouble. The way we seem to help them is to agree to have them pay, under the language of the bill, the interest rates which have been established by private credit institutions. Private credit institutions are profit-making credit institutions, and the same credit institutions have been progressively increasing their rates.

When the representatives of the Department of Agriculture were asked, "What do you mean by 'reasonable rates'?" they testified to the effect that such a rate could be 6 percent, 7 percent, or higher. That is another way of saying that whatever the local financial institutions are charging for interest, that is what the Farmers' Home Administration will charge for interest.

I submit that one of the largest factors in the increased cost of farm operations is the interest rates; in fact, I think it is the single largest factor in the case of farm operations. Since 1952, I should say, if it has not been the largest factor, it has been one of the top two largest factors.

I regret to say that by the language of the bill we are not trying to put a brake on the climbing interest rates, but are saying that this is a pattern which shall be pursued with official blessing.

In the committee, I offered an amendment to strike that language. My amendment would strike out the language in the presently operating law, "but not exceeding the rate of 5 percent per annum."

I will be very blunt about it. I do not think money is worth more than 5 percent. I notice that savings institutions and commercial banks, to which our children take their little deposits, are paying 2 percent interest. If one gets 2½ percent interest on his deposits he is really doing unusually well.

Furthermore, the record of profits in commercial investment banks is second to none in terms of profitable enterprise in the United States. I see no reason why we must condone what I call a practice of having the money market bear whatever cost the banking fraternity can get out of it.

In some areas of the country interest rates are in excess of 6 percent. In certain areas they are 7 percent, on certain types of loans. In some places they are 8 percent. It can be seen that it is not the universal pattern that interest rates are that high. One reason why they are not that high is that there have been Federal yardsticks to hold them down.

I must say again I am going to offer an amendment on page 3, to strike out the language from line 10 down through line 14, to the period in said line.

I believe that language, if it remains in the bill, will have a regrettable effect upon the credit structure.

I offer that amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 3, beginning in line 10, it is proposed to strike out:

Section 2 (b) is amended by striking from the first sentence thereof the word "the" preceding the word "rates" and inserting in lieu thereof the word "reasonable", and by striking the words "(but not exceeding the rate of 5 percent per annum)."

Mr. HUMPHREY of Minnesota. Mr. President, there is similar language on page 10, in section 44, which is companion language relating to another provision in the bill, which I ask unanimous consent to have considered en bloc with the previous amendment. The language is almost identical and refers to the same provision in the law.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 10, beginning in line 10, it is proposed to strike out:

Section 44 (a) (3) is amended by striking the word "the" as it appears before the word "rates" and inserting in lieu thereof the word "reasonable" and by striking the words "(but not exceeding the rate of 5 percent per annum)" and.

The PRESIDING OFFICER. Is there objection to the consideration of the amendments en bloc? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have my supplemental views, appearing on page 19 of the report, relating to this particular amendment, printed in the RECORD at this point.

There being no objection, the supplemental views were ordered to be printed in the RECORD, as follows:

SUPPLEMENTAL VIEWS ON S. 3429 BY SENATOR HUMPHREY OF MINNESOTA

While concurring in the favorable committee report on the bill (S. 3429), I wish to express supplemental views on improvements that in my opinion need to be made before enactment. In my judgment, unless these changes are made, the measure could weaken rather than strengthen the credit situation of family farmers.

YARDSTICK FUNCTIONS OF FARMERS' HOME ADMINISTRATION SHOULD BE PRESERVED

Subsection 1 (d) of the bill should be amended to strike out the first sentence and make necessary language changes in the second sentence.

The sentence that we urge be struck out would very largely eliminate the yardstick character of Farmers' Home Administration loans to family farmers. The bill passed by the House of Representatives (H. R. 11544) does not contain this provision.

Under existing law, a prospective borrower is not eligible to obtain a direct or insured farm ownership loan from Farmers' Home Administration if he is able to obtain needed credit from other available sources at "not more than 5 percent interest." The first sentence of subsection 1 (d) and subsection 3 (d) would eliminate this limitation upon the outside rate of interest and substitute for 5 percent the word "reasonable." The record of subcommittee hearings indicates that this change was recommended by the executive branch to enable Farmers' Home Administration to reject loan applications from any farmer who was able to obtain the needed loan at any higher rate of interest than 5 percent, to rise along with the high interest rate policies of the executive branch as they are reflected in going rates of interest in local areas. The Department of Agriculture witness testified that the word "reasonable" would be interpreted to mean interest rates as high as 6, 7, or 8 percent or higher if going interest rates in local areas should be at such levels.

To make this change in existing legislation would place the Farmers' Home Administration in the position of joining the race to higher and higher interest rates on farm loans. The minority does not believe such a move is consistent with the original intent of the farm ownership credit provisions of the Bankhead-Jones Farm Tenant Act, as amended. Maintaining the 5 percent limitation will help to discourage the rising trend of farm loan interest rates and charges to farmers. The interest payment component of the parity index of farm costs has risen faster than any other component of that index. Eliminating the 5 percent limitation will make the increase of farmers' interest payments even more rapid.

INCREASE LOAN SIZE LIMITATION

In order to keep pace with the growing costs of farmer operations, the maximum size limitation of initial loans and total indebtedness of Farmers' Home Administration operating loan borrowers should be increased further than the subcommittee has proposed. The measure increases the present $7,000 to $10,000. That increase, in my opinion, should be extended to $12,000 plus the bill's proposal for authorizing use of 10 percent of the amount appropriated for operating loans each year for loans increasing the aggregate indebtedness of the borrower above the present limit of $10,000, but not above $20,000.

LOANS TO DISASTER STRUCK ORCHARDISTS

I wish to express myself as in accord with the attitude expressed in the House Agriculture Committee's report on H. R. 11544 relating to the existing authority of the Secretary of Agriculture to deal adequately with the credit and repayment schedule needs of orchardists whose trees have been killed by unseasonably cold weather, as follows:

"LOANS TO ORCHARDISTS

"Some of the bills considered by the committee proposed special provisions for disaster loans to orchardists, including deferment of repayments until new trees come into production. Public Law 38 of the 81st Congress now authorizes the Secretary to make such loans in disaster areas, such as the area in Oregon and Washington where many orchard trees were killed by last year's early heavy freeze, and the committee anticipates the Secretary will exercise this authority. It also authorizes the Secretary to set the terms and conditions for the repayment of such loans. The committee believes that the terms of loans of this character should be such as would afford real assistance to producers who suffer various kinds of production losses. Consequently, if the purpose of the loan is to reestablish an orchard destroyed by the disaster and repayment is to be expected solely from the production of the orchard, the first repayment instalment should be deferred until income is expected from the reestablished orchard. The problem of liquidity of the revolving fund, which may be affected by such deferments, is one to be met when there is need for additional money in the revolving fund, and is not a problem which should be solved by amending the existing broad authority of the Secretary."

CONCLUSIONS

The proposed bill will not meet the overall credit needs of hard-pressed family farmers. I do believe, however, that if the bill is amended in the ways I have recommended it would be an improvement over the existing situation. I support it on that basis and with those reservations. I urge careful consideration, however, of the changes suggested. Certainly we do not wish to weaken the family farm credit structure of the Nation in the guise of improving it. We ought not to adopt legislation which will force increasing numbers of farmers to pay ever-increasing rates of interest. Certainly we do not want such legislation to be an entering wedge in the drive to again raise the interest rates on all Farmers' Home Administration loans.

Mr. HOLLAND. Mr. President, of course, the distinguished Senator from Minnesota makes a compelling case about a compelling matter. Everyone of us would like to disregard the laws of financial life and make sure that those in the submarginal classifications get money at a rate just as low as possible. We would like it to be equally low in all parts of the country. We would like it to be possible to have that done, and still not bring about disturbing factors which would jeopardize the continued sustenance and serviceability of the Farmers' Home Administration. We have had pretty clear statements from the Administrator of the FHA, after checking with their field offices, that they are up against it now. We have just got to the point where we must face up to the problem, which is this: If the rate is kept lower than the going rate in some areas of the country, that means that when it comes to qualifying for an FHA loan a man who should not have access to FHA borrowing at all will be able to obtain such a loan simply proving he cannot get, from commercial institutions or insurance companies or Farm Credit Administration, loans at 5 percent. The reason he cannot get it is that they are not lending the money at 5 percent. Therefore, he lays claim to his right to have loans from the Farmers Home Administration. Not only is the purpose of the act thus stultified, which is bad enough, and which makes for ill-feeling in the community, but, what is worse, it tends to destroy the very favorable position in the financial community which this institution has enjoyed, to the degree it has been able to render very great service in the places where the service was most needed. It has had the friendly interest of the local institutions, State banking groups, insurance groups, and the Farm Credit Administration. Let us remember that the Farm Credit Administration groups belong to the very farmers who are living in the communities where the submarginal places are.

Mr. HUMPHREY of Minnesota. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. HUMPHREY of Minnesota. What is the rate of interest charged?

Mr. HOLLAND. It varies. The interest rate structure is not like this floor, perfectly level, but it is up and down in various areas of the country, depending, in large measure, on the size of the deposited funds, whether they are in commercial institutions or in Farm Credit Administration institutions that are available in different communities.

In a community which is prosperous and has a lot of money and banks, and has very strong lending institutions in the farm credit structure, the rate is low. In other areas, where there is not such a degree of prosperity, and money is hard to get the rate is proportionately higher.

The men who are serving us, and the country, in handling the Farmers' Home Administration are dedicated persons. I think they are much more than mere clockwatchers and timesavers as public employees. They tell us with one voice that the present law is hurting the Farmers' Home Administration, both in its capacity to get the job done, and in preserving the amicable place which it holds in the community, and which has been recognized up to this time, to enable it to function admirably.

Any Senator—and any person, of course—is sympathetic with the point of view of the distinguished Senator from Minnesota. I am sure every member of the committee was sympathetic with his point of view, but I do not think we can swim upstream to the degree the Senator would like, without greatly impairing, and perhaps destroying a very useful agency which I know the Senator cherishes as an agency which exists for the purpose of offering service, and which is performing well in most cases, and which should perform better with the added machinery we shall give it if this measure is enacted.

I recognize the Senator's sincerity, and he certainly fought hard in committee for his objective, and he fought with Senators who felt as he did in their desire to have the purpose accomplished if it could be done. But I think he would have us in deep water and in a different situation if the amendment should carry.

I call attention to the fact that the House, in effect, adopted the amendment. It stood by the present level. The matter is going to be in conference, anyhow. I am perfectly willing to relinquish my place in the conference to the Senator from Minnesota or anyone else who thinks we will not do our best to get the best bill possible out of conference. I do not think we can preserve the favorable situation of the Farmers' Home Administration, nor do I think we can get through legislation governing its rules, regulations, and laws, if we do not follow sound financial practice and financial regulation.

Let us not overlook the fact that there is another great institution, as to whose policies the Senator from Minnesota and I are not frequently in accord, and that is the Federal Reserve bank, with which corporation the credit structure throughout the Nation adjusts up and down. Of course, the effect of that adjustment up and down is reflected in the smallest hamlet and distressed agricultural communities, just as it is in the more prosperous places.

I will say to the Senator, in all candor, that if his amendment is adopted, and if we do not have the matter in conference, we shall be dooming ourselves to disappointment, in great measure, insofar as concerns the cherished additions to the law and our hope that this organization can render better service, because we would be flying in the face of what I think is financial law, whether we want it to be so or not.

I hope the distinguished Senator will either withdraw his amendment, which he has made perfectly clear is very dear to him, or at least will restrain the ardor of his presentation, to the degree that his brethren may be permitted to vote it down, because if he insists on his amendment, I sincerely believe he will destroy much of the capacity of this very fine bill to bring relief where it has not been brought under existing law.

Mr. HUMPHREY of Minnesota. Mr. President, I shall not take much more of the time of the Senate in regard to this matter.

I merely wish to say that I feel that the policy being pursued with regard to credit for agriculture is ridiculous; that is about the bluntest word I can think of, to use in that connection.

First, the Federal Reserve Board says it is necessary to raise the interest rates in order to curb inflation. Mr. President, there may be inflation in some parts of the economy, but there is genuine deflation in agriculture. The last place to raise interest rates is in a depressed economy. If it is true that there are a variety of interest rates throughout the country, then the lowest interest rate should apply to the agricultural area of the country. That is my sincere conviction.

I fully appreciate the logic of the position of the Senator from Florida; and I wish to commend him publicly for the fine, hard work he has done on the bill. It surely merits the congratulations and commendation of every Member of the Senate.

Mr. HOLLAND. I thank the Senator from Minnesota.

Mr. HUMPHREY of Minnesota. However, Mr. President, I wish to say that my concern about the bill is that I am afraid that by using the words "reasonable rates," instead of providing for a 5 percent maximum, the Congress will only be aiding and abetting what happened once before in the United States—namely—a piece-by-piece, step-by-step rise in the interest-rate structure which is a fundamental part of the total cost of agricultural production.

I shall not argue the case any longer, except to say that I openly oppose the policy of the Federal Reserve. I shall talk about it tomorrow. I think it is working ruinous effects upon farmers and agriculture; and the record in that connection can be documented. That policy is driving people out of business; it is making the big bigger and the poor poorer.

Mr. HOLLAND. Mr. President, will the Senator from Minnesota yield?

The PRESIDING OFFICER (Mr. MCNAMARA in the chair). Does the Senator from Minnesota yield to the Senator from Florida?

Mr. HUMPHREY of Minnesota. I yield.

Mr. HOLLAND. I am sure the Senator from Minnesota realizes that to have the Senate adopt his amendment as a part of the pending bill would not in any way operate effectively to withdraw such power on the part of the Federal Reserve.

Mr. HUMPHREY of Minnesota. Oh, no.

Mr. HOLLAND. Neither would it improve the situation, from the point of view of the Senator from Florida.

So I hope he will not insist upon submitting his amendment. I shall listen to him with great interest and great sympathy when he inveighs against the Federal Reserve.

But I do not think we should "shoot this rabbit" just because a fox is stealing the chickens somewhere else.

Mr. HUMPHREY of Minnesota. Mr. President, if the rest of the American economy were required to pay 6 percent or 7 percent interest, there would not be much American economy. Not a business concern in the country pays the interest rates the farmer has to pay, and every businessman knows it. The farmer has been selected from the existing structure and has been required to pay exorbitant interest rates.

I say that when there are depressed prices for farm commodities, or at least when the prices of farm commodities are not up to parity, and when there are increased costs of farm operation, then any additional increase in the interest rates the farmer has to pay will give the farmer the so-called one-two punch, with an extra kick just to make sure he will go down. That is why I offer the amendment.

The Senate can do what it wishes with the amendment, but I feel very strongly about it.

Mr. AIKEN. Mr. President, although I should like to see the interest rate kept as low as possible, yet I am anxious to have the bill, as enacted, contain as many improvements as we now find in it. I do not think we should vote on very extensive or far-reaching changes in the bill as reported with the committee, with as few Members as now are on the floor of the Senate.

If a series of amendments is to be offered—amendments which would radically change the bill from the form in which it was reported by the committee—then I would suggest the absence of a quorum; and if a quorum were not available, then the bill would go over until tomorrow.

The PRESIDING OFFICER. Does the Senator from Vermont suggest the absence of a quorum? The Chair has no control over the decision to suggest the absence of a quorum.

Mr. AIKEN. Mr. President, I do not know how many amendments will be offered. But if there is to be a series of amendments which would radically change the tenor of the bill as reported by the committee, then I think a quorum should be present, or else the further consideration of the bill should go over until tomorrow, if necessary.

Mr. HUMPHREY of Minnesota. Mr. President, I do not have a series of amendments; I have only two. In fact, I am not sure that I shall even offer the second one.

I may say that this amendment is not a radical one at all. We are simply trying to preserve the status quo of 5 percent. That shows how "radical" the amendment is.

Mr. AIKEN. I am not sure that "radical" is the proper word to use; I meant to say that I would feel obliged to take such a position if at this time there were submitted an amendment which would make rather far-reaching changes in the bill as reported by the committee.

Mr. HUMPHREY of Minnesota. The amendment would restore the House language; the House provided for 5 percent.

Mr. AIKEN. I think the Senator from Minnesota understands that I was using the term "radical" in its proper sense.

Mr. HUMPHREY of Minnesota. Yes, I understand.

However, Mr. President, I do not believe the amendment is far removed from the real situation or from what the other body has adopted.

Earlier today I said I would offer the amendment, which was voted down in the committee.

Mr. President, in order to give the conferees something to argue about and talk about, I now offer the amendment.

Mr. AIKEN. Then, Mr. President, I shall suggest the absence of a quorum.

Mr. HOLLAND. Mr. President, I hope that a voice vote will be taken on the amendment of the Senator from Minnesota. If the amendment carries then let the Senator from Vermont suggest the absence of a quorum.

Mr. AIKEN. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota. [Putting the question.] The "noes" appear to have it; and the "noes" have it, and the amendment is rejected.

Mr. ALLOTT. Mr. President, as most of the Senators who now are on the floor are well aware, the subject of farm credit is one in which I have been greatly interested for the last 3 or 4 years. To that end, some 16 Senators joined in introducing Senate bill 3247, a bill which would have very greatly simplified the FHA and farm credit system, not with respect to real-estate loans, but with respect to loans to farmers upon chattels and other personal property.

Last December 16, Mr. K. L. Scott, of the Department of Agriculture, called and held a meeting in Denver, Colo., at which were present approximately 250 or 300 persons from all over the western portion of the United States. The purpose of the meeting was to discuss farm credit. I understand that the subcommittee headed by the distinguished and able Senator from Florida [Mr. HOLLAND] has given consideration to the bill to which I have referred. I wish to say that until we rewrite all the farm credit in the United States, we shall never be able to do justice to the farmers in getting them speedy, simple, available credit at reasonable terms.

At that meeting, which I believe was attended by a fair cross-section, and at which representatives of all four of the major farm organizations were present, it seemed to me—and I believe this has not been disputed—that the unanimous opinion of all those present was that we should rewrite the farm home credit laws, so that the people who are on the ground—the farm home administrators in the counties and in the towns—could have a system of laws which would be simple and which they could understand. At that meeting, and throughout last fall, I made it a point to talk with more than 100 local administrators, whose constant cry was, "Do what you can to simplify FHA and its regulations."

By the grace of the distinguished Senator from Vermont I am a cosponsor with him of his bill. I wish to see it pass, because it would be a great improvement upon the present laws. But I cannot permit this occasion to pass without pointing out to my colleagues that we have not done here a basic job which will make good credit available to farmers. Why? Simply because the laws are so complicated at the present time, and each set of laws is so interpreted by a different set of regulations, that the average FHA administrator is unable to interpret the laws and the regulations, and thus render a speedy and adequate service to the farmers who need help. I believe that even members of the Farm Home Administration will agree that that statement is true, and that what is needed is a complete rewriting of the law. I hope this body will do that job during the next session.

I have had very friendly and courteous consideration from the distinguished chairman of the subcommittee, who was very kind in permitting me to sit with the subcommittee, even at the executive session when it was considering the bill. I shall perhaps address 1 or 2 questions, if he will be kind enough to answer them.

Referring to page 6, line 21, and page 7, line 2, the 2 ceilings provided are $10,000 and $20,000. The facts and circumstances with respect to farm credit are simply these: It is impossible for anyone, at least in the Great Plains area, and from there on west—and that is the only area with which I cay say I am closely acquainted—to start farming, even with the cheapest kind of second-hand outfit, for less than $5,000 today, and that is on the assumption that he can get someone to rent him land on a crop-share basis. Therefore, if he has started farming, and he runs into a series of unfortunate years, either because of hail or drought, the $10,000 is not necessarily a limitation which is acceptable. I believe I can say that all three of the largest farm organizations—at least, that is true in my State—favor a larger amount than the one which has been placed in the bill. In Senate bill 3247 I had placed the amounts of $20,000 and $30,000. One organization even thought that the $30,000 ceiling was considerably too small.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. ALLOTT. I am happy to yield.

Mr. HOLLAND. There was a difference of opinion, of course, among the witnesses, and also in the committee, as

to what figures should prevail. We felt that we were making a substantial improvement in the situation by increasing the figure from the present limit of $7,000 for one original loan, to $10,000, and increasing the present ceiling of $10,000 to $20,000 as a maximum. If these figures prove to be inadequate, we shall be here next year to consider this problem further. However, the Senator realizes, I am sure, that the bill does accomplish a very material liberalization of the lending provisions of the law.

Mr. ALLOTT. I am quite well aware of that fact; and I thank the Senator. There is a considerable improvement, but in a great portion of the western country the people who now find themselves in very serious difficulties would still be operating under severe limitations.

The question I wished to direct to the Senator is whether or not he would accept, as an amendment, the figures of $12,500 and $25,000, and take them to conference, in order that the conferees may have an opportunity to consider the subject.

Mr. HOLLAND. I regret to say that I would not feel justified in accepting those changes, because these figures were subjected to very long discussion by the subcommittee, and later by the full committee. We were honored by the presence of the Senator from Colorado during our executive session. I am sure he was there a part of the time. I do not know whether he was present when these figures were discussed.

Mr. ALLOTT. Unfortunately, I could not be present when these figures were discussed.

Mr. HOLLAND. At any rate, they are the result of combined thinking by the committee, after long deliberation, and I would not feel justified in accepting, even to take to conference, the suggestion of the Senator, because I would feel that I would be ignoring the decision of the committee, whose members were in attendance in larger numbers than are represented by the present attendance of Senators in the Chamber.

Mr. ALLOTT. I can understand the Senator's position. Because of the lateness of the hour, and the small number of Senators present, I will not press an amendment. However, after next fall, after I shall have had an opportunity to review the situation, not only in my State, but in other areas in the western part of the United States, it may be that we can discuss this question again.

I invite the attention of the Senator from Florida to line 14 on page 7 dealing with the limitation of 10 years. The original act provided——

Mr. HOLLAND. I am sorry; another Senator was speaking to me, and I did not catch the question.

Mr. ALLOTT. The Senator from Florida is too popular. Too many Senators seek his advice.

Mr. HOLLAND. I thank my friend, who undoubtedly is an Irishman, judging from the nature of his encomium.

Mr. ALLOTT. The period during which loans may be extended or renewed is 10 years, as appears from line 14 on page 7 of the bill.

There are many people in the areas to which we have referred who have suffered long periods of drought. Those areas include most of the Great Plains area. Periods of drought up to 7 years have been experienced. Now, therefore, the farmers have loans which must be foreclosed. This question is beginning to arise. The bill would increase the period to 10 years. I am very happy to see an extension of the time to 10 years. My question is whether or not the time should be extended beyond that length of time. The reason is this: Assume that a farmer has come to the end of his 7-year period, being unable to raise crops because of drought or disaster. It is completely impossible for him, in the 3 years which remain, to pay off the indebtedness in the absence of the most fortuitous circumstances. I should like to have the Senator's comments as to whether or not he thinks the period should be increased to 12 years, so that those who have gone through long periods of drought or other unforunate circumstances would then have a reasonable chance, after a change in the climatic conditions or whatever conditions caused the misfortune, to pay off the loans without being sold out by the FHA.

Mr. HOLLAND. If we have 3 more years of drought and difficulty we may reach the point where we shall have to make a further extension. The committee was aware of the fact that there were parts of the Nation where drought conditions have existed for 5, 6, or 7 years. I believe 7 years was the extreme. We felt that to add 3 additional years at this time would take care of the present situation. We shall not be foreclosed from going into the subject later if by that time the facts justify further liberalization of the extension provisions.

Mr. ALLOTT. Mr. President, I thank the Senator for his remarks. I believe we will probably have to come back and amend the act at a later time, to provide these extensions. I shall not press the amendment for the same reason I did not press the raising of the limitations; that is, Mr. President, I shall not press the amendment at this time, because I feel there should be more Senators on the floor to give the subject adequate consideration.

I have full concern for the problem which the senior Senator from Oregon has raised. It is a problem which calls for the best ability in all of us to solve, particularly when we see the havoc that is brought upon our good friends, our farmers, who are the backbone of the country. It certainly causes all of us great concern.

With respect to the farmers, whom I have tried to serve in a small way here, I wish to say that I have found that credit is their chief concern. They are not asking for a handout or for any kind of dole. If they are assured that they can be freed from the worry of financing themselves, I am sure they will feel very happy about this entire situation.

I thank the distinguished Senator from Florida for his assistance.

Mr. HOLLAND. I thank the Senator from Colorado. I am happy to see our distinguished chairman on the floor, after having labored in hearings elsewhere. If he has any comments to make, I shall be glad to have him do so.

Mr. ELLENDER. I was occupied all day before the Committee on Appropriations. We completed hearings on the Mutual Security appropriations bill about 7:30 this evening. I regret that I was unable to be present during the consideration of the two bills. They were in very capable hands, and I wish to compliment the distinguished Senator from Florida [Mr. HOLLAND] for the good work he has done in having the two bills considered.

They are H. R. 10285, to merge production credit corporations in Federal intermediate credit banks, to provide for retirement of Government capital in Federal intermediate credit banks, to provide for supervision of production credit associations, and for other purposes; and S. 3429, to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

I wish to say that the Senator from Florida has been working tirelessly on the two bills, and I am very proud of the fact that the Senate is about to vote on the second of the two bills.

I understand that the bill which is now pending is more or less in the category of a must bill from the standpoint of the administration.

Again I wish to highly compliment my good friend from Florida for the good work he has done in having these two bills considered today.

Mr. HOLLAND. I certainly thank our distinguished chairman.

Mr. President, I believe the bill is ready for a third reading.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be offered, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. HOLLAND. Mr. President, I ask unanimous consent that the Senate Committee on Agriculture and Forestry be discharged from further consideration of H. R. 11544.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLAND. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H. R. 11544.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. HOLLAND. Mr. President, I move to strike all after the enacting clause in H. R. 11544 and insert in lieu

thereof the text of the Senate bill, as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is on the passage of the bill.

Mr. HOLLAND. Mr. President, I am advised that the distinguished majority leader wished to have a quorum call at this time, before final action is taken on the bill. I suggest the absence of a quorum.

The PRESIDING OFFICER. The secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HOLLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on the passage of the bill.

The bill (H. R. 11544) was passed.

The PRESIDING OFFICER. Senate bill 3429 will be indefinitely postponed.

Mr. HOLLAND. Mr. President, I move that the Senate insist upon its amendment, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ELLENDER, Mr. JOHNSTON of South Carolina, Mr. HOLLAND, Mr. AIKEN, and Mr. YOUNG conferees on the part of the Senate.

PAYMENT OF ANNUITIES TO WIDOWS AND DEPENDENT CHILDREN OF JUDGES

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3410) to amend title 28, United States Code, to provide for the payment of annuities to widows and dependent children of judges.

Mr. JOHNSON of Texas. Mr. President, I should like to give notice that we plan to take up S. 3410 at 10:30 o'clock tomorrow morning, immediately after the morning business. There will be amendments offered, and in all likelihood there will be yea-and-nay votes on this proposed legislation.

At the conclusion of the consideration of S. 3410, we will proceed to the consideration of the other bills which I previously enumerated.

The PRESIDING OFFICER. What is the pleasure of the Senate?

ORDER FOR ADJOURNMENT UNTIL TOMORROW AT 10:30 A. M.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in adjournment until 10:30 a. m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed, without amendment, the bill (S. 976) to provide for the release of the right, title, and interest of the United States in a certain tract or parcel of land conditionally granted by it to the city of Montgomery, W. Va.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1622) to authorize the Secretary of the Interior to make payment for certain improvements located on public lands in the Rapid Valley unit, South Dakota, of the Missouri River Basin project, and for other purposes.

The message further announced that the House had agreed to the amendments of the Senate to the bill (H. R. 8636) to continue until the close of June 30, 1957, the suspension of duties and import taxes on metal scrap, and for other purposes.

The message also announced that the House insisted upon its amendment to the bill (S. 2182) for the relief of the city of Elkins, W. Va., disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. FORRESTER, Mr. DONOHUE, and Mr. MILLER of New York were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 47) for the relief of Guiseppe Agosta, Shakeeb Dakour, and Gertrud Charlotte Samuelis, and it was signed by the President pro tempore.

CAMPAIGN FINANCES SPENT BY TWO MAJOR PARTIES IN 1956 IN OREGON PRIMARY ELECTION

Mr. NEUBERGER. Mr. President, ever since I became a Member of the Senate a year and a half ago, I have listened to speeches complaining about allegedly huge funds poured into Democratic Party coffers by labor unions. These speeches have come from the other side of the aisle. They always have reminded me of a fellow with two blazing six-guns, who does not like the other fellow's cap pistol.

Out in Oregon, on May 18, 1956, a primary election was held to select the candidates of each major party. The situations in the two parties were amazingly parallel. Each had a close race to elect a national committeeman. Each had one contest for a nomination for a seat in the House of Representatives. The Republicans had a major race for nomination for the United States Senate, but none for the Presidency. The Democrats had no major race for the Senate, but a major contest for the presidential preference choice.

I have had a careful and searching study made of the funds reported by all candidates of the two major parties, throughout that Oregon primary election.

Republican candidates spent a total, Mr. President, of $194,579. Democratic candidates spent a total of $65,951.

Res ipsa loquitur—the fact speaks for itself. Republicans in the Oregon primary election spent almost exactly $3 for each $1 spent by Democrats in the same election. These figures, Mr. President, demonstrate once more—if demonstration is needed—which party is invariably spending the money in American politics, and which party invariably has the money to spend.

Mr. President, I have listened to many Republican speeches protesting the funds given to the Democrats by certain trade-union political groups. These protests come with poor grace from a party which only recently, in a typical state of the Union, once again outspent the Democrats by a ratio of 3 to 1. Can it be that the Republicans, with their $3 to each $1 of the Democrats, are resentful over that $1 going to the other side? Perhaps they think it shocking that the Democrats have any funds at all.

Perhaps the Republican Party and its candidates, who already can afford far greater resources of expensive broadcast time, advertising, billboards, direct mailing, besides having the overwhelming majority of the newspapers on their side—perhaps these Republicans would like to exclude Democratic candidates from all access whatever to the electorate, and prevent the voters from even hearing and seeing both candidates and both sides of the issues.

Mr. President, as I have pointed out in the Senate on repeated occasions, this right of the voters to see and hear and judge for themselves the opposing candidates and issues in an election is, itself, the critical problem of our democratic process today. This basic right of citizenship is increasingly endangered under modern conditions of radio and television campaigning, when one party consistently can collect and spend, from sources of great economic strength, all money it might possibly need for its political campaigns, and when it can thus invariably outspend the other political party by 3 to 1, or even more.

To meet this central issue of democracy head-on, Mr. President, I call again for enactment of my bill S. 3242, to free both the major parties and their candidates for Federal office from the yoke of big campaign contributions—regardless of where those contributions originate.

I call for enactment into law of the proposal first advanced by President Theodore Roosevelt back in 1907 for the sharing by the Federal Government itself of part of the skyrocketing costs of Federal election campaigns. That is what my bill calls for. That is what Teddy Roosevelt advocated, because he saw the evil and danger of permitting candidates for the highest offices in the

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 16, 1956
For actions of July 13, 1956
84th-2nd, No. 119

CONTENTS

Accounting.....2
Adjournment.....13,38
Animal disease.....46
Appropriations.12,27,37,46
Atomic energy.....12
Budget Bureau.....46
Budgeting.....2
CCC.....1
Contracts.....3
Cotton.....14,33
Credit.....35
Electrification....7,34,39
Executive pay.....29,37
Experiment stations.....25
Export-Import Bank.....16
Foreign affairs.....32
Foreign aid.....27,37,42
Grain standards.....8
Guam.....36
Humane slaughter.....26
Labor, farm.....9
Lands.....11,25,36
Leases.....25
Legal officers.....20
Legislative program.....12
Livestock.....25,26,28
Loans, farm.....5
Marketing.....6,12,17
Mining.....19,45
Monopolies.....40
Mutual security.....27,37
Personnel.....24
Point of order.....12
Potatoes.....23
Price support.....44
Property.....25
Public Law 480.....12
Reclamation.....7,31,37
Research.....15,46
Rivers and harbors.....43
Roads.....30
School milk.....25
Security.....21,46
Social security.....37
Surplus commodities.....41
Transportation.....4
Trip leasing.....4
Watersheds.....18
Weather control.....46
Wheat.....8,22
Wildlife.....10

HIGHLIGHTS: Senate passed following bills: Disposal of Akron synthetic rubber laboratory. Permit processors to buy cotton futures contracts. Ready for President. Broaden law on practices in marketing perishable commodities. Eliminate delay in starting watershed projects. Ready for President. Provide for Presidential appointment of Department's legal officers. Extend time for filing Government Security Commission Report. Both Houses received proposed legislation to implement International Wheat Agreement. Senate committee reported bills to: Renew lease to railroad on ARS land in Montana. Extend special school milk program to certain institutions. Senate committee ordered reported bill for humane slaughter methods. Senate committee ordered reported mutual security appropriation bill. Sen. Johnson urged additional drought assistance for livestock industry. House conferees appointed on CCC borrowing increase bill. House passed following bills: Simplify and facilitate (continued on page 6)

HOUSE

1. COMMODITY CREDIT CORPORATION. Conferees were appointed on S. 3820, to increase the borrowing authority of the CCC. Senate conferees were appointed on July 9. p. 11522

2. BUDGETING; ACCOUNTING. Passed with amendment S. 3897, to improve governmental budgeting and accounting methods and procedures. The amendment consisted of the insertion of the language of H. R. 11526, a similar bill, after having passed the House with committee amendments. H. R. 11526 was subsequently laid on the table. p. 11522

Rep McCormack requested and received permission for the Government Operations Committee to file, by Mon. midnight, a report on H. R. 11526. p. 11589

The "Daily Digest" states that the conferees agreed to file a conference report on H. R. 9593, to simplify accounting and facilitate the payment of

July 13, 1956

obligations. p. D801

3. CONTRACTS. Passed as reported H. R. 11947, to amend and extend (until Jan. 1, 1959) the provisions of the Renegotiation Act of 1951. p. 11550

4. TRANSPORTATION. Passed as reported S. 898, to amend the Interstate Commerce Act so as to authorize ICC to regulate the use by motor carriers (under leases, contracts, or other arrangements) of motor vehicles not owned by them, in the furnishing of transportation of property, but to prohibit regulation of the duration of, the terms of pay under, certain trip-leasing arrangements. p. 11572

5. FARM LOANS. Conferees were appointed on H. R. 11544, to improve and simplify the credit facilities available to farmers, and to amend the Bankhead-Jones Farm Tenant Act. Senate conferees were appointed on July 12. p. 11577

6. MARKETING. Began debate on H. R. 4054, to provide a system of mortgage insurance to municipal and other political subdivisions of the States, to be administered by USDA, for the expansion of public marketing of perishable commodities. p. 11577

7. RECLAMATION; ELECTRIFICATION. Passed with amendment S. 497, to authorize the construction, operation, and maintenance of th Washoe reclamation project, Nev. and Calif. The amendment to S. 497 consisted of inserting the language of H. R. 10643, a similar bill, after having passed the House without amendment. H. R. 10643 was subsequently laid on the table. p. 11582

8. GRAIN STANDARDS. The Subcommittee on Wheat of the Agriculture Committee ordered reported to the full committee S. 1400, to protect the integrity of grade certificates under the U. S. Grain Standards Act by providing penalties for persons who knowingly sample grain improperly and for persons who knowingly load or otherwise handle grain deceptively for inspection under the Act. p. D799

9. FARM LABOR. The Subcommittee on Transportation and Communication of the Interstate and Foreign Commerce Committee ordered reported to the full committee S. 3391, to provide for reasonable requirements regarding comfort, safety, etc., of the interstate transportation of migrant farm workers. p. D800

10. WILDLIFE. The Merchant Marine and Fisheries Committee ordered reported H. R. 8250, to require conformance with State and Territorial fish and game laws and licensing requirements on Federal lands not subject to such laws. p. D800

11. LAND TRANSFER. Agreed to the Senate amendments to H. R. 8817, to provide for the transfer of certain Forest Service land to the city of Corbin, Ky. This bill is now ready for the President. p. 11577

12. LEGISLATIVE PROGRAM. Rep. McCormack announced the following legislative program for July 16 - 20: Mon., Consent calendar and the civil-rights bill; Tues., Private calendar; Wed., Committee Calendar; and balance of the week: AEC appropriation authorization increase, Defense Department point of order bill, marketing facilities bill, and bill to amend Public Law 480, 83d Congress. p. 11589

13. ADJOURNED until Mon., July 16. pp. 11589, 11595

transportation. As you begin to extend the exception, obviously you run into more difficulties and more complaints from the common and contract carriers who hold themselves out to perform these services on regularly scheduled operations. So I can understand the position taken by the people on the committee when they point out that if you undertake to extend the exception too far we might wind up with no legislation at all.

Mr. MILLER of Maryland. I can understand the gentleman's view on it. It may be perfectly sound, but I cannot feel we are extending this provision very far to correct a situation that provided a frozen can of fruit can, and a canned can cannot.

Mr. McINTIRE. Mr. Speaker, will the gentleman yield?

Mr. MILLER of Maryland. I yield.

Mr. McINTIRE. I would like to ask the gentleman if there is not a danger in the substitute which the gentleman is offering of flying very seriously into the face of the definition under which we have an exemption for agricultural commodities, and if we are not jeopardizing the whole principle of that exemption which is provided in our transportation act.

Mr. MILLER of Maryland. I would not think that striking one word out of that line would upset the situation too much. I think my substitute would be more acceptable for that reason than the amendment offered by the gentleman from Georgia.

Mr. HARRIS. Mr. Speaker, I rise in opposition to the substitute amendment.

Mr. Speaker, I feel somewhat like the gentleman from Kentucky. We have a practical situation here with a very, very highly important and technical problem. We have worked long and hard to get this problem worked out where it is agreeable to almost everyone. I do not say everybody in the business, but the private carriers or some of them would like to have it wide open, as it has been in the past. Since we have worked this legislation out by this language here and know precisely what it is, I am fearful that at this stage of the session if we change language, we are going to find ourselves again without any bill at all.

The Interstate Commerce Commission has postponed the effective date of their order from time to time. It was first to have gone into effect on July 1 and because of the consideration being given by the Congress, it has again been postponed. If we should adjourn this session of the Congress without clearing this matter up, I am fearful of what is going to happen. Then the agricultural industry of this country is going to suffer and suffer terrifically.

The SPEAKER. The question is on the substitute amendment offered by the gentleman from Maryland.

The substitute amendment was rejected.

The SPEAKER. The question is on the amendment offered by th gentleman from Georgia [Mr. DAVIS].

The amendment was rejected.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

(Mr. HARRIS asked and was given permission to revise and extend his remarks on the bill just passed.)

AMENDING BANKHEAD-JONES FARM TENANT ACT

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes, with amendments of the Senate thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. COOLEY, POAGE, GRANT, HOPE, and AUGUST H. ANDRESEN.

CONVEYANCE OF PROPERTY TO CITY OF CORBIN, KY.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8817) to provide for the conveyance of certain property of the United States to the city of Corbin, Ky., with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 3, after "by" insert "such qualified contract appraiser or appraisers as."

Page 2, line 4, after "Services" insert "shall select."

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. HALLECK. Mr. Speaker, reserving the right to object, do I understand this bill which previously passed the House and was passed in the other body with an amendment, that the gentleman is simply seeking now to concur in the Senate amendments?

Mr. COOLEY. The gentleman is correct.

Mr. HALLECK. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

MARKETING FACILITIES FOR PERISHABLE AGRICULTURAL COMMODITIES

Mr. COOLEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 4054) to encourage the improvement and develoment of marketing facilities for handling perishable agricultural commodities.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. HALLECK. Mr. Speaker, reserving the right to object, will the gentleman explain the bill?

Mr. COOLEY. This is known as the marketing facilities bill. A similar bill passed the House unanimously some time ago. I think it was in the 81st Congress. In the 82d Congress the bill was sent back to the committee for the reason that there was at that time a shortage of building materials on account of the Korean conflict. The bill has been considered by our committee time and time again. I do not know of any objection to the bill at this time. I believe that the bill is in the interest of both the producers and consumers of perishable agricultural commodities. It authorizes the Federal Government to underwrite the building or terminal markets throughout the country. In many places we have antiquated marketing facilities dating back more than 100 years. The matter has been considered for the past 30 years, I suppose.

Mr. FORD. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. FORD. As the gentleman knows, I contacted him with reference to this legislation, urging that action be taken on it. I wonder if the gentleman is going to ask permission for all Members to insert their remarks in the RECORD.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may extend their remarks in the RECORD at this point.

Mr. HALLECK. Mr. Speaker, I thought I had the floor.

Mr. COOLEY. I beg the gentleman's pardon. I was just making a unanimous-consent request that all Members might extend their remarks.

Mr. HALLECK. I do not know that that would be in order, as the other unanimous consent has not been disposed of.

Mr. COOLEY. I withdraw it, Mr. Speaker.

Mr. HALLECK. Since this has been called up, some Members have indicated they want to speak on it.

Mr. COOLEY. I understood that Mr. KING has some views that he would like to express. I am prepared to listen to him, but I hope we can pass this bill and send it to the Senate.

Mr. HALLECK. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. KING of Pennsylvania. Mr. Speaker, reserving the right to object, I ask for 5 minutes to make a statement.

The SPEAKER. After consent is granted for consideration of the bill would be the time for the gentleman to strike out the last word and get 5 minutes.

Is there objection to the present consideration of the bill?

Mr. CURTIS of Missouri. Mr. Speaker, reserving the right to object, I recall that in the 82d Congress there was a bill along this line that referred specifically to marketing facilities in the city of Philadelphia. That bill was defeated.

Mr. COOLEY. No. No. The bill has always been uniformly applicable throughout the Nation. We discussed a market in Philadelphia as one of the antiquated facilities that existed.

Mr. CURTIS of Missouri. I remember speaking on that particular bill, and if my memory does not fail me, it was defeated in the House.

Mr. COOLEY. No, it was not defeated.

Mr. CURTIS of Missouri. Mr. Speaker, I object.

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4054) to encourage the improvement and development of marketing facilities for handling perishable agricultural commodities.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 4054, with Mr. PRICE in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from North Carolina [Mr. COOLEY] will be recognized for 30 minutes and the gentleman from Kansas [Mr. HOPE] for 30 minutes.

Mr. COOLEY. Mr. Chairman, the gentleman from Kansas is not on the floor, but the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], the next ranking minority member, is present.

The CHAIRMAN. The gentleman from Minnesota will be recognized at the proper time.

The Chair recognizes the gentleman from North Carolina.

Mr. COOLEY. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I do not want to burden the Members of the House unduly by a detailed discussion of this legislation. I think most of the Members of the House are entirely familiar with the provisions of this bill.

Before undertaking a discussion of the measure further I would like to say that it seems to me there is some confusion about this particular piece of legislation. I would like to ask the gentleman from Missouri [Mr. CURTIS], if he would like to clarify the remark he made about the Philadelphia area?

Mr. CURTIS of Missouri. This is the same bill, if I am not mistaken, that was brought out in the 82d Congress. One of the examples used in the debate was the character of the facilities in Philadelphia. I remember taking part in that debate.

That bill was defeated. I have had a chance to look at the present bill briefly. It looks like the same subject matter, getting the Federal Government into the business of guaranteeing the cost of setting up these markets.

Mr. COOLEY. The gentleman evidently was not listening when I said to the House that this was an identical bill to that which was recommitted to the committee in the 82d Congress on motion of the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], who at that time felt that the bill should not pass the House because there was a shortage of critical building material when we were engaged in the Korean war. Since that time the situation has cleared up. The gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] has assured us of his support for the measure.

Mr. CURTIS of Missouri. No, the bill was recommitted and it was recommitted because among other arguments presented against it—and I presented it myself—was that the Federal Government ought not go into this business.

Mr. COOLEY. I do not recall what the gentleman's words were.

Mr. CURTIS of Missouri. I am talking about the debate on the floor of the House.

Mr. COOLEY. I do not mean to say that the bill was unanimously passed.

Mr. CURTIS of Missouri. It was defeated.

Mr. COOLEY. No; it was not defeated; it was recommitted.

Mr. CURTIS of Missouri. I do not know what happened in the 81st Congress, but in the 82d Congress this matter came on the floor and was defeated, and one of the reasons was that the Federal Government should not enter this field of activity.

Mr. COOLEY. In our report the committee says that the bill was reported favorably again by the House Committee on Agriculture in the 81st Congress and the House referred it back to this committee after debate in which it was stressed that due to the Korean conflict building materials were scarce and the time was not favorable for taking this step. That is correct.

Mr. CURTIS of Missouri. All right. I would say to the gentleman that his record is not complete because it should have contained also of the reasons advanced, that this was not an area in which the Federal Government ought to engage.

Mr. COOLEY. The reason was because of the shortage of materials due to the Korean war.

Mr. CURTIS of Missouri. I beg to differ with the gentleman. Quite a number of people spoke on the advisability of whether the Federal Government should go into this area of operation.

Mr. COOLEY. I think that the RECORD further shows that the bill passed unanimously in the previous Congress. Anyway the gentleman had a perfect right to oppose the bill. It is presented to you on its own merits. It deals with a subject which has engaged the attention of the Federal Government in the legislative branch and the executive branch for more than 30 years.

If you will read the report you will see that the Federal Trade Commission conducted a thorough examination and investigation into the marketing facilities in the country. Thirty-six years ago a report was made. Here is what that report said 36 years ago:

> The wholesale market districts of large cities are without a doubt the factor most responsible for the excess expense of marketing perishable foods up to the time they come into the hands of retailers and are the cause, directly or indirectly, of much of the loss, waste, and excess cost disclosed in the report.
>
> Any wholesale market approaching the ideal would have direct rail connections for the speedy delivery of cars to one union produce terminal, where cars will be placed directly at the stores of the dealers. It would provide the necessary terminal and marketing facilities, including adequate, properly regulated, and sanitary warehouses and cold-storage space. It would also eliminate all cartage between the freight yards and the stores of the wholesale dealers and commission men.
>
> The present market districts of such cities as New York, Chicago, Boston, etc., as well as those of other markets are utterly inadequate. They are not strategically or logically located. None of them has direct rail connection nor are they arranged for the direct unloading of shipments by water. Every pound of food must be trucked into and out of the district. * * * The majority of the markets are crowded into old, congested districts which perhaps were adequate 30 to 60 years ago, but which have received little intelligent attention for a generation or more, while the population we have has vastly increased. * * * In a word, the marketing of foodstuffs has been left to take care of itself.
>
> If the wholesaling of foods is to be placed on an efficient basis the first and most obvious requirement is that respecting physical equipment. Facilities adequate to meet every need should be provided for the receiving, handling, storing, preserving, buying, selling, and delivering, of perishable foods. This requirement will not be met under the present organization of the marketing system. The benefits arising from economical physical handling of its food supply are dependent upon such public action as will secure the facilities required.

That report, as I say, was submitted 36 years ago. I have been interested in this subject for 11 years. In 1945 I was head of a subcommittee that conducted an investigation of the terminal markets in metropolitan areas.

Mr. BEAMER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Indiana.

Mr. BEAMER. Could the gentleman advise the committee whether or not the Department of Agriculture and other agencies involved have given approval to this legislation?

Mr. COOLEY. The marketing division of the Department of Agriculture has worked closely with our committee throughout the years in trying to secure the passage of this legislation. The Secretary of Agriculture has taken the position in reporting on this measure that it is a job that should be done by private industry. Everyone of us knows that private industry has not done the job and private industry will not do it. There is a very good reason why. If you will take into consideration the Washington Street market in the city of New York, 20 percent of the produce that goes through that market comes from the State of California.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 23, 1956
For actions of July 20 and 21, 1956
84th-2nd, Nos. 124 & 125

CONTENTS

Accounting.....7
Acreage allotments.....75
Adjournment.....50,65
Animal disease.....52
Appropriations..4,11,15,19 44,47,52,64,66,71
Atomic energy.....64
Budget Bureau.....26,52
CCC.....3
Contracts.....28,62,64
Cranberries.....64
Customs.....6,54
Education.....46
Electrification.....61,64
Enforcement activities..27
Executive pay.....18,53
Dairy industry.....72
Farm-City Week.....23
Farm program.....71
FHA.....66
Fisheries.....48
Flood control.....31,64
Flood insurance.....57
Food and drugs.....45
Food distribution.....10
Foreign aid.....15,16,47
Forestry.34,39,41,48,52,66
Great Plains.....64
Guam.....48
Housing.....32,60,64
Humane slaughter.....48
Imports.....9,16,58,64
Information.....10,64
Labor, farm.....64
Lands.....48,52,59,73
Legislation.....71
Legislative program 11,25,48,64
Libraries.....29
Loans, farm 2,13,17,32,42,56
Marketing.....64
Minimum wages.....64
National debt.....71
Natural resources....14,39
Nominations.....13
OGC.....66
Patents.....24
Personnel 10,18,27,35,53,64,74
Point-of-order.....64
Price reporting.....41,48
Property.....48
Publications.....29
Reclamation 5,17,20,38,61,64
Reports.....10,49
Retirement.....18,48,53
School milk.....36
Security.....37,52
Seeds.....48
Small business.....40
Social security.8,43,51,69
Soil bank.....68
Stockpiling.....70
Surplus commodities 1,10,67
Tariffs.....63
Textiles.....30
Trade, foreign.....1,9,22
Transportation.....21
Trip leasing.....21
Twine.....9
Veterans' benefits.....42
Water.....48
Watersheds.....12,33,55
Wheat.....48
Wool.....58,64
World Trade Fair.....22

HIGHLIGHTS: House agreed to conference report on CCC borrowing power bill. Senate passed watershed bill. House committee reported second supplemental appropriation bill. House agreed to conference report on bill to facilitate payment of obligations. Senate passed executive pay and retirement bill. Senate confirmed nomination of Hansen as FHA Administrator. Senate committee reported resolution favoring water resource development. Conferees agreed to report bills to increase Public Law 480 authorization, and amend social security laws. Senate debated mutual security appropriation bill. Senate agreed to conference report on small reclamation project bill. (Continued on page 9)

HOUSE - July 20

1. FOREIGN TRADE; SURPLUS COMMODITIES. The conferees agreed to file a report (but did not actually do so) on S. 3903, to increase the amount authorized for title 1 of the Agricultural Trade Development and Assistance Act of 1954. p. D850
House conferees on this bill had been appointed earlier in the day. p. 12512

July 20, 1957

2. FARM LOANS. The conferees agreed to file a report on H. R. 11544, to improve and simplify the credit facilities available to farmers and to amend the Bankhead-Jones Farm Tenant Act (but did not actually do so). p. D850

3. CCC BORROWING POWER. Agreed to the conference report on S. 3820, to increase the borrowing power of the Commodity Credit Corporation to $14.5 billion and to amend the penalty provision of the CCC Charter Act. p. 12550

4. SECOND SUPPLEMENTAL APPROPRIATION BILL, 1957. The Appropriations Committee reported without amendment this bill, H. R. 12350 (H. Rept. 2849). p. 12567

5. RECLAMATION. Received the conference report on S. 497, to authorize the Washoe reclamation project, Nev. and Calif. p. 12511

6. CUSTOMS SIMPLIFICATION. Conferees were appointed on H. R. 6040, the customs simplification bill. p. 12549

7. ACCOUNTING. Agreed to the conference report on H. R. 9593, to simplify accounting and facilitate the payment of obligations. This bill will now be sent to the President. p. 12550

8. SOCIAL SECURITY. The conferees tentatively agreed to language for a conference report on H. R. 7225, the social security bill. The conferees are to meet July 24 for final review of the report. p. D850

9. TWINE IMPORTS. Rep. Marshall referred to an announcement of an executive branch hearing on the possibility of imposing a tariff on the importation of baler and binder twine and stated that American farmers "are asked in effect to bear the higher cost of producing their goods as a kind of direct subsidy to the cordage industry." p. 12552

10. PERSONNEL; SURPLUS COMMODITIES; INFORMATION. The Government Operations Committee approved the following subcommittee reports: "Employment and Utilization of Experts and Consultants," "Distribution of Surplus Agricultural Commodities to Schools and Institutions in Illinois," "Availability of Information From Federal Departments and Agencies." p. D849

11. LEGISLATIVE PROGRAM for this week was announced as follows: Mon., Consent Calendar, bills under suspension of rules, and possibly second supplemental appropriation bill. Tues., civilian atomic power bill.

SENATE - JULY 20

12. WATERSHEDS. Passed with amendments H. R. 8750, to amend the Watershed Protection and Flood Prevention Act. Agreed to an amendment by Sen. Kerr to provide for committee review of projects on which the Federal contribution exceeds $250,000 (the bill as reported provided for such review when the total cost exceeds that amount). Agreed to an amendment by Sen. Hruska to modify the requirement for employment of engineers in connection with watershed projects so as to make the requirement apply only to projects for storage of water for municipal or industrial purposes. Sen. Aiken criticized the transfer of this bill from the Agriculture and Forestry Committee to the Public Works Committee. Senate conferees were appointed. p. 12428

13. NOMINATION; FARM LOANS. Confirmed the nomination of Kermit H. Hansen to be Administrator of the Farmers' Home Administration. p. 12422

Customs Simplification: Disagreed to Senate amendments to H. R. 6040, to amend certain administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the customs laws; agreed to a conference requested by the Senate; and appointed as conferees Representatives Cooper, Mills, Gregory, Reed, and Jenkins. Page 12549

Commodity Credit Corporation: Adopted the conference report on S. 3820, to increase the borrowing power of the Commodity Credit Corporation, and sent the bill to the Senate. Page 12550

Pensions: Passed H. R. 2867, increasing pensions for Spanish-American War widows. Page 12550

Knowland Award: Passed and cleared for the President S. 4256, authorizing Senator Knowland to accept from Greece award of Grand Commander of Royal Order of Phoenix. Page 12550

Federal Accounting: Adopted the conference report on H. R. 9593, to simplify accounting and to facilitate the payment of obligations, and thereby cleared the bill for the President. Page 12550

Administrative Resolutions: Considered and adopted the following administrative resolutions:

Pledge of Allegiance: H. Con. Res. 258, accepting without cost to the United States copies of the recording, Pledge of Allegiance to the Flag, and providing for distribution of such copies;

Committee expenses: H. Res. 563, to provide additional funds for expenses of the study and investigation authorized by H. Res. 262;

Committee expenses: H. Res. 566, to provide additional funds for the expenses of the Committee on Merchant Marine and Fisheries; and

Committee expenses: H. Res. 595, to provide additional funds for the expenses of the study and investigation authorized by H. Res. 35. Page 12551

Meeting Hour: Pursuant to a unanimous-consent request the time was fixed at 11 a. m. for Monday's session of the House. Page 12543

Program for Saturday: Adjourned at 6:23 p. m. until Saturday, July 21, at 12 o'clock noon, when the House will consider the following bills:

H. R. 7992, to enact certain provisions now included on the Department of Defense Appropriation Act and the Civil Functions Appropriation Act (1 hour of debate);

S. 3732, to provide insurance against flood damage (1 hour of debate);

H. R. 9875, amending the Internal Revenue Code of 1954, to provide that the tax on admissions shall apply only with respect to that portion of the amount paid for any admission which is in excess of $1 (1 hour of debate); and

H. R. 10433, relative to training of fishing industry personnel (1 hour of debate).

Committee Meetings

MILITARY REAL ESTATE

Committee on Armed Services: Subcommittee on Acquisitions and Disposals in executive session considered and approved various Army, Navy, and Air Force projects and received testimony thereon from departmental witnesses.

BANKING

Committee on Banking and Currency: In executive session ordered favorably reported to the House S. 256, eliminating cumulative voting of share of stock in the election of directors of national banking associations unless provided for in the articles of association. In a preliminary hearing testimony was received from Representative Multer, who opposed the proposed legislation.

FAIR LABOR STANDARDS ACT

Committee on Education and Labor: Special subcommittee concluded hearings on bills to amend the Fair Labor Standards Act. James Suffridge, president, Retail Clerks International Association, was the witness.

FOREIGN AFFAIRS

Committee on Foreign Affairs: Met in executive session for the consideration of committee business.

MISCELLANEOUS REPORTS

Committee on Government Operations: In executive session approved the following subcommittee reports: "Employment and Utilization of Experts and Consultants"; "Special Opinion Survey To Influence Postal Rate Legislation"; "Distribution of Surplus Agricultural Commodities to Schools and Institutions in Illinois"; "Availability of Information From Federal Departments and Agencies"; and the report of a Special Subcommittee on Federal Aid to Michigan Highways. These reports will be available on Tuesday, July 24.

FEDERAL POWER PROGRAM

Committee on Government Operations: Subcommittee on Public Works and Resources continued hearings in connection with the organized endeavor of certain private electric utilities to influence the Secretary of the Interior in regard to the Federal Power Program. Al Tudor, Arizona Public Service Co., was heard today and will continue his testimony on Monday, July 23.

COMMITTEE EXPENSES

Committee on House Administration: In executive session Subcommittee on Accounts ordered favorably reported to the full committee H. Res. 607, providing additional funds for the Ways and Means Committee for purpose of investigations.

RAILROAD RETIREMENT BENEFITS

Committee on Interstate and Foreign Commerce: In executive session adopted a committee amendment to

H. R. 9065, to amend the Railroad Retirement Act of 1937 to provide increases in benefits, which had been previously reported and this committee amendment provides generally for a 10-percent increase in benefits with certain exception.

MERCHANT MARINE MISCELLANY

Committee on Merchant Marine and Fisheries: In executive session ordered favorably reported to the House the following bills:

H. R. 12116 (amended), to provide for the conveyance of the Maritime Administration reserve shipyard at Wilmington, N. C.;

S. 3266, to authorize officers of the Coast and Geodetic Survey to act as notaries in places outside the continental limits of the United States and in Alaska;

S. 4011, relating to the Coast Guard Supply Fund;

S. J. Res. 187, to extend the operation of the Emergency Ship Repair Act of 1954;

H. J. Res. 685 and H. J. Res. 666 (amended), to authorize the Secretary of Commerce to sell certain war-built vessels; and

H. R. 12302, to provide for cooperative unit programs of research, education, and demonstration between the Federal Government of the United States, colleges, and universities, the several States and Territories, and private organizations.

In open hearing the committee considered the proposal of the Fish and Wildlife Service to lease a portion of the Kenai National Moose Range, Alaska, and received testimony from the following: Robert Johnson, Assistant Director for Wildlife, Fish and Wildlife Service; W. E. Ackernecht, Wildlife Refuge Management Section, Department of Interior; C. A. Callison, National Wildlife Federation. Statements for the record were submitted by C. R. Gutermuth, Wildlife Management Institute, and Michael Nadel, Wilderness Society.

BOTANIC GARDEN

Committee on Public Works: Subcommittee on Public Buildings and Grounds ordered favorably reported to the full committee S. 3881, authorizing the demolition and removal of greenhouses and other structures, and the replacement thereof, at the Botanic Garden, District of Columbia. Witnesses heard were J. George Stewart, Architect of the Capitol; C. A. Henlock, Administrative Officer, and E. T. Rosengarth, Landscape Architect and Horticulturist, in Office of the Architect of the Capitol.

WAYS AND MEANS

Committee on Ways and Means: Met in executive session on members' bills but made no announcement and adjourned subject to call of the Chair.

Joint Committee Meetings

SOCIAL SECURITY

Conferees, in executive session, tentatively agreed to language for a conference report on H. R. 7225, Social Security Amendments of 1956. Conferees will meet again on Tuesday, July 24, for a final review of this report.

CONFERENCE REPORTS

Conferees, in executive session, agreed to file conference reports on the differences between the Senate- and House-passed versions of the following bills:

Agricultural trade development: S. 3903, to increase the amount authorized to be appropriated for purposes of title I of Agricultural Trade Development and Assistance Act of 1954;

Farmers' credit: H. R. 11544, to improve and simplify the credit facilities available to farmers and to amend the Bankhead-Jones Farm Tenant Act;

Pueblos: H. R. 5712, to provide that the U. S. hold in trust for the Pueblos of Zia and Jemez a part of the Ojo del Espiritu Santo grant and a small area of public domain adjacent thereto;

Verendrye Monument: H. R. 1774, to abolish the Verendrye National Monument and to convey certain land to the State of North Dakota;

Washoe reclamation: S. 497, authorizing construction, operation, and maintenance of the Washoe reclamation project, Nevada and California;

Private bill: H. R. 1637.

FISHING INDUSTRY

Conferees met in executive session to resolve the differences between the Senate- and House-passed versions of S. 3275, to establish a sound and comprehensive national policy with regard to fisheries resources, but did not complete its work and recessed subject to call.

BILLS SIGNED BY THE PRESIDENT

New Laws

(*For last listing of public laws, see* DIGEST, *p. D841*)

S. 2704, authorizing funds for construction of certain highway-railroad grade separations in D. C. Signed July 19, 1956 (P. L. 731);

S. 3246, to increase amount authorized for erection and equipment of buildings and facilities for National Institute of Dental Research. Signed July 19, 1956 (P. L. 732);

S. 3982, to provide for the maintenance of production of tungsten, asbestos, fluorspar, and columbium-tantalum in the U. S., its Territories and possession. Signed July 19, 1956 (P. L. 733);

H. R. 11873, to eliminate delay in the start of watershed projects. Signed July 19, 1956 (P. L. 734);

on the items for this Department is indicated in the attached table.)

53. PERSONNEL. Conferees were appointed on H. R. 7619, the executive pay increase and civil service retirement bill. Senate conferees were appointed on July 20. p. 12602

The Post Office and Civil Service Committee reported with amendment S. 2875, to revise the Civil Service Retirement Act (H. Rept. 2854). p. 12661

The Rules Committee reported a resolution for the consideration of S. 3481, to amend the Foreign Service Act of 1946, so as to increase the salaries and provide other benefits for employees in the Foreign Service. p. 12662

54. CUSTOMS. Received and agreed to the conference report on H. R. 6040, to amend certain administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the customs laws (H. Rept. 2866). p. 12654

55. WATERSHEDS. Conferees were appointed on H. R. 8750, to amend the Watershed Protection and Flood Prevention Act. Senate conferees were appointed July 20. p. 12657

56. FARM LOANS. Received the conference report on H. R. 11544, to improve and simplify the credit facilities available to farmers, and to amend the Bankhead-Jones Farm Tenant Act. The conference report includes the following provisions: Eliminates limitation on refinancing loans to part-time farmers for debts against the real estate; authorizes insurance of loans not to exceed $15,000 for general farm improvement on farms requiring no more than three families; further clarifies eligibility for FHA loans, by eliminating reference to prevailing rates of interest in excess of 5% as a criterea for eligibility; provides that "improvement or refinancing loans (as distinguished from acquisition or enlargement loans) may be made with respect to farms above the "average value' level"; authorizes insurance of second mortgage loans on real estate; accepts the Senate formula for determining the maximum amount of operating loans; authorizes the extension of production loans in hardship cases to ten years from date of loan, without regard to criterea of determined disaster areas; and extends the "economic disaster" loan program for two years and provides an additional $50 million in loan funds (H. Rept. 2869). p. 12657

57. FLOOD INSURANCE. Began debate on S. 3732, to provide insurance against flood damage. pp. 12633, 12637

58. WOOL IMPORTS. The Ways and Means Committee reported with amendment H. R. 12227, to amend certain provisions of the Tariff Act of 1930 relative to import duties on wool (H. Rept. 2868). p. 12662

59. LANDS. The Interior and Insular Affairs Committee reported without amendment H. R. 12185, to provide that withdrawals or reservations of more than 5,000 acres of public lands of the U. S. for certain purposes shall not become effective until approved by act of Congress (H. Rept. 2856). p. 12661

60. HOUSING. The Rules Committee reported a resolution for the consideration of H. R. 11742, to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities. p. 12662

The "Daily Digest" states the Rules Committee cleared for consideration H. R. 12328, to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities. p. D856

61. RECLAMATION; ELECTRIFICATION. Agreed to the conference report on S. 497, to authorize the Secretary of the Interior to construct, operate, and maintain the Washoe reclamation project, Nev. and Calif. p. 12603

62. CONTRACTS. Agreed to the Senate amendments to H. R. 11947, to amend and extend the Renegotiation Act of 1951. This bill is now ready for the President. p. 12603

63. TARIFFS. Passed as reported H. R. 12254, to extend until March 1, 1958, the time in which the Tariff Commission is directed to complete its study and report with respect to recommendations for simplifying our tariff structure as provided in Public Law 768, 83d Congress. p. 12656

64. LEGISLATIVE PROGRAM. Rep. McCormack announced the following program for July 23-27: Monday, Consent Calendar and the following bills under suspension of the rules - omnibus rivers and harbors and Army flood control projects bill, Federal Construction Contract Act relating to subcontractors bill, migrant farm laborers transportation bill, Foreign Service Act amendments bill, International fairs and festivals bill, cranberries marketing bill, Great Plains conservation bill, and USDA point-of-order bill; balance of the week - civilian atomic power bill, second supplemental appropriation bill, housing bill, power rates on Federal projects bill, Farwell reclamation project bill, minimum wages in territories and possessions bill, marketing facilities loan insurance bill, wool import bill, and Fryingpay-Arkansas reclamation project bill; Thursday - Private Calendar. p. 12637

65. ADJOURNED until Mon., July 23. p. 12661

SENATE (continued)

66. APPROPRIATIONS. S. Doc. 143 includes the following items for this Department: Acquisition of Lands for Cache National Forest, $50,000, to remain available until expended; Salaries and Expenses, Farmers' Home Administration, $1,400,000; and Salaries and expenses, Office of the General Counsel, $85,000. The latter two items are contingent upon the enactment of pending legislation to amend Titles I and II of the Bankhead-Jones Farm Tenant Act which would substantially broaden the authority for loans thereunder.

ITEMS IN APPENDIX - July 21

67. SURPLUS COMMODITIES. Rep. Gavins inserted a two part newspaper article with an editor's note explaining "how world-wide commodity sales operations of surplus farm products acquired in its agricultural price-support programs gets Uncle Sam foreign money, and how he spends it abroad. pp. A5748, A5746

68. SOIL BANK. Rep. Hill inserted a newspaper article, "Five Hundred and Ninety-Two Thousand Five Hundred and Three Acres Colorado Land in Soil Bank." p. A5748

69. SOCIAL SECURITY. Rep. Cooper inserted a summary of the principal provisions of the conference agreement on H. R. 7225, the social security amendments bill. p. A5755

70. STOCKPILING. Rep. Hulter inserted a newspaper article, written by Willard Rockwell, a former special assistant to Secretary of Defense Wilson, "Stockpiling Opposed-- Government's Actions Said To Cause Severe Loss To Small Business." p. A5758

71. LEGISLATION. Extension of remarks of Rep. Tollefson commenting on some of the bills passed by the Congress this session, including national debt, appropriations, revised farm program. p. A 5759

84TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
No. 2869

FARM LOAN PROGRAM

JULY 21, 1956.—Ordered to be printed

Mr. COOLEY, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 11544]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

Section 1 (a) is amended by striking from the second sentence thereof the words "to assist borrowers under this title in making the" and inserting in lieu thereof the words "or insured for" and by striking the word "their" preceding the words "farming operations".

(b) Section 1 (b) is amended by inserting after the word "only" in the first sentence the words "farm owners", by striking the words "(including owners of inadequate or underimproved farm units)", and by inserting in lieu of the words "the major portion" the words "a substantial portion".

(c) Section 1 (c) is amended to read as follows: "No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: Provided, however, That—

"(1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable

disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

"(2) loans may be made or mortgages insured to owner-operators who are bona fide farmers who have historically resided on farms and depended on farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, to repair or improve such farm units, and to refinance indebtedness of the owner incurred for agricultural purposes, if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

(3) loans in amounts not exceeding $15,000 per farm for the construction, improvement, repair, or replacement of farm dwellings and other farm buildings on farms the operation of which require no more than three farm families or three farm dwellings may be insured under this Act.

(d) The second sentence of section 2 (b) is amended by striking the period at the end thereof and inserting a comma and the following: "except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm."

(e) Section 3 (a) is amended to read as follows:

"SEC. 3. (a) Loans made under this title shall not be in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness, and shall be secured by a first or second mortgage or deed of trust on the farm. Loans may not be made for the acquisition or enlargement of farms which have a value, as acquired or enlarged, in excess of the average value of efficient family-type farm-management units, as determined by the Secretary, in the county, parish, or locality where the farm is located."

(f) Section 12 (b) is amended by striking the figure "$100,000,000" and inserting in lieu thereof the figure "$125,000,000".

(g) Section 12 (e) is amended by striking from the last sentence of item (2) the words "to carry out the provisions of this title, relating to mortgage insurance" and by inserting in lieu thereof the words "of the Farmers Home Administration and may be transferred annually to that administrative expense account and become merged therewith".

(h) Section 16 (a) is amended by inserting in the first sentence thereof before the word "mortgages" the words "or second" and by adding the following sentence at the end of said subsection: "Loans insured under this section shall not be in excess of 90 per centum of the amount certified by the county committee to be the value of the farm, less any prior lien indebtedness."

(i) The following new section 17 is added:

"SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers on farms of not more than family size who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. No such loans shall be made to an applicant whose total indebtedness is in excess of the amount certified by

the county committee to be the value of the real estate and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebtedness shall be adjusted so as to be within such values. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000."

SEC. 6. Title II of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words "Production and Subsistence Loans" in the title and inserting in lieu thereof the words "Operating Loans", and by the amendment of section 21 to read as follows:

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence: Provided, however, That loans may be made to operators who are bona fide farmers who have historically resided on farms and depended on farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, if the units are of sufficient size to produce income which, together with income from other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No loan may be made to any one borrower under this section which would cause the total principal amount outstanding to exceed $10,000: Provided, however, That an amount not to exceed 10 per centum of the sum made available by annual appropriation for loans under this title may be used for making loans to borrowers, which would cause such indebtedness to excess $10,000 but in no event may any loan be made which would cause such indebtedness to excees $20,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed seven years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: Provided, however, That in justifiable cases where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within seven years is due to causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed ten years from the date the original loan was made, and during such extended term may make additional loans to such persons, if necessary."

SEC. 3. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

(a) Section 41 (g) is amended to read as follows:

"(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers' Home Administration under any of its programs, as circumstances may require: Provided, however, that—

"(1) compromise, adjustment, or reduction of claims of $15,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General pursuant to the provisions of section 3469 of the Revised Statutes (31 U. S. C. 194);

"(2) compromise, adjustment, or reduction of claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

"(3) releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

"(A) borrowers who have transferred the security property to other approved applicants under agreements assuming the outstanding secured indebtedness; and

"(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"(4) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this Act; and

"(5) any claim which has been due and payable for five years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt payment ability, or is deceased and has left no estate, or has been absent from his last known address for a period of at least five years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: Provided, however, That claims involving a principal balance of $150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical."

(b) The first sentence of section 42 (a) is amended by inserting after the word "county" in each of three places the words "or area".

(c) Section 43 (d) is amended by striking the words "as family-size farms".

(d) Section 51 is amended to read as follows:

"SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by or acquired by the Secretary under any programs administered by the Farmers' Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title

to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act. Any advances or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortgage insurance fund."

SEC. 4. Section 1 of the Act of August 31, 1954, as amended (68 Stat. 999; 69 Stat. 223), is further amended by striking the figures "1957" and inserting in lieu thereof the figures "1959" and by striking the figures "$15,000,000" and inserting in lieu thereof "$65,000,000".

And the Senate agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
G. M. GRANT,
CLIFFORD R. HOPE,
AUGUST H. ANDRESEN,
Managers on the Part of the House of Representatives.

ALLEN J. ELLENDER,
OLIN D. JOHNSTON,
SPESSARD L. HOLLAND,
GEORGE D. AIKEN,
MILTON R. YOUNG,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The Senate amendment struck out all after the enacting clause of the House bill and inserted language differing from that adopted by the House in a number of respects. The conferees have agreed upon a substitute amendment which in most respects is identical with the bill as it passed the House. Following are the major differences between the House bill and the substitute amendment recommended herewith by the committee of conference:

Loans to part-time farmers

The definition of a part-time farmer appearing in section 1 (c), and also in section 2 of the bill, is almost the same as that adopted by the House. Eliminated from the definition is language inserted by the Senate which would have limited refinancing loans to part-time farmers to debts against the real estate and makes it clear that such loans may cover refinancing of any indebtedness for agricultural purposes, including those secured both by real estate and chattel mortgages.

Loans for tenant house construction and repair

The conferees accepted a Senate provision authorizing issuance of loans of not to exceed $15,000 for the construction, improvement, repair, or replacement of farm dwellings and other farm buildings on farms, the operation of which require no more than 3 farm families or 3 farm dwellings.

Five percent interest rate

Eliminated from the conference bill is a Senate provision which would have stricken from the existing language of the act reference to prevailing rates of interest in excess of 5 percent as one of the qualifications for eligibility for an FHA loan. The conferees retained the House language, which retains that provision in existing law, but they point out that it is not the intention of the act being amended nor of the conferees to use the facilities of the Farmers' Home Administration for the financing of well-to-do farmers who should be able to obtain adequate credit from other sources and that the reference to payment of prevailing interest in excess of 5 percent in the act is only one of the qualifications established in the act for eligibility for an FHA loan.

"Average value" criterion

The Senate amendment (sec. 1 (e)) would have eliminated from existing law the provision that FHA loans may not be made for the acquisition or enlargement of farms which have a value in excess of

the average value of efficient family-type farms in the county. The conference amendment will retain this language in the existing law with a slight amendment to provide that improvement or refinancing loans (as distinguished from acquisition or enlargement loans) may be made with respect to farms above the "average value" level.

Insurance of second mortgage loans

The House conferees accepted a Senate provision (sec. 1 (h)) which will authorize insurance of second mortgage loans on real estate, as well as first mortgage loans.

Maximum amount of operating loans

The House conferees accepted the Senate formula with respect to the maximum amount of operating loans. This formula provides that no loan to any one borrower may exceed $10,000, with the exception that not to exceed 10 percent of the funds made available by annual appropriation for such loans may be used to make loans up to $20,000.

Hardship cases

The House bill provided that production loans might be extended beyond the present 7-year limitation only in instances of hardship occurring in areas declared by the Secretary of Agriculture or the President to be disaster areas. The language agreed to by the conferees will permit extension of such loans in the case of individual hardship without restriction as to area but with the provision that no such loan may be extended for more than 10 years from the original date the loan was made.

Extension of "economic disaster" loan program

The Senate conferees accepted the provisions of section 4 of the House bill extending for 2 years the operation of the act of August 31, 1954, and providing an additional $50 million in loan funds. There was no such provision in the Senate bill, due to the fact that this matter had been handled in separate legislation by the Senate.

HAROLD D. COOLEY,
W. R. POAGE,
G. M. GRANT,
CLIFFORD R. HOPE,
AUGUST H. ANDRESEN,
Managers on the Part of the House.

○

The bill was reported unanimously by the Committee on Ways and Means. I urge its adoption by the House.

(Mr. REED of New York asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. REED of New York. Mr. Speaker, H. R. 7643, introduced by my distinguished colleague on the Ways and Means Committee, Mr. SIMPSON, of Pennsylvania, amends the Internal Revneue Code of 1954 with respect to the foreign-tax credit for United Kingdom income tax paid with respect to royalties and other like amounts.

The chairman [Mr. COOPER] has explained in detail the provisions of the bill. It was reported unanimously by the committee and I recommend its adoption by the House.

REDEMPTION BY THE POST OFFICE DEPARTMENT OF CERTAIN UNSOLD FEDERAL MIGRATORY-BIRD HUNTING STAMPS

Mr. MILLER of California. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5256) to provide for the redemption by the Post Office Department of certain unsold Federal migratory-bird hunting stamps, to clarify the requirements with respect to the age of hunters who must possess Federal magratory hunting stamps, with Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, after line 17, insert:

"SEC. 3. (a) Hereafter such quantity of migratory-bird hunting stamps, not sold at the end of the fiscal year for which issued, as determined by the Postmaster General to be (1) required to supply the market for sale to collectors, and (2) in suitable condition for such sale to collectors, shall be turned over to the Philatelic Agency and therein placed on sale. Any surplus stock of such migratory-bird hunting stamps may be destroyed in such manner as the Postmaster General shall direct.

"(b) The fourth sentence of section 2 of the act of March 16, 1934, as amended (48 Stat. 451; 16 U. S. C., sec. 718b), is hereby further amended to read as follows: 'Such stamps shall be usable as migratory-bird hunting stamps only during the fiscal year for which issued.'

"(c) The first and second provisos in the paragraph under the heading 'Migratory Bird Conservation Fund' in the act of June 28, 1941 (55 Stat. 356; 16 U. S. C., sec. 718i) are hereby repealed.'"

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

AMENDING THE WATERSHED AND PROTECTION AND FLOOD PREVENTION ACT

Mr. ALBERT. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 8750) to amend the watershed and protection and flood prevention act, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. COOLEY, POAGE, GRANT, HOPE, and AUGUST H. ANDRESEN.

CREDIT FACILITIES AVAILABLE TO FARMERS

Mr. COOLEY (at the request of Mr. ALBERT) submitted the following conference report and statement on the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 2869)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

"(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

"Section 1 (a) is amended by striking from the second sentence thereof the words 'to assist borrowers under this title in making the' and inserting in lieu thereof the words 'or insured for' and by striking the word 'their' preceding the words 'farming operations.'

"(b) Section 1 (b) is amended by inserting after the word 'only' in the first sentence the words 'farm owners', by striking the words '(including owners of inadequate or under-improved farm units)', and by inserting in lieu of the words 'the major portion' the words 'a substantial portion'.

"(c) Section 1 (c) is amended to read as follows: 'No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: *Provided, however,* That—

"'(1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

"'(2) loans may be made or mortgages insured to owner-operators who are bona fide farmers who have historically resided on farms and depended on farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, to repair or improve such farm units, and to refinance indebtedness of the owner incurred for agricultural purposes, if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

"'(3) loans in amounts not exceeding $15,000 per farm for the construction, improvement, repair, or replacement of farm dwellings and other farm buildings on farms the operation of which require no more than three farm families or three farm dwellings may be insured under this act.'

"(d) The second sentence of section 2 (b) is amended by striking the period at the end thereof and inserting a comma and the following: 'except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm.'

"(e) Section 3 (a) is amended to read as follows:

"'SEC. 3. (a) Loans made under this title shall not be in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness, and shall be secured by a first or second mortgage or deed of trust on the farm. Loans may not be made for the acquisition or enlargement of farms which have a value, as acquired or enlarged, in excess of the average value of efficient family-type farm-management units, as determined by the Secretary, in the county, parish, or locality where the farm is located.'

"(f) Section 12 (b) is amended by striking the figure '$100,000,000' and inserting in lieu thereof the figure '$125,000,000.'

"(g) Section 12 (e) is amended by striking from the last sentence of item (2) the words 'to carry out the provisions of this title, relating to mortgage insurance' and by inserting in lieu thereof the words 'of the Farmers Home Administration and may be transferred annually to that administrative expense account and become merged therewith.'

"(h) Section 16 (a) is amended by inserting in the first sentence thereof before the word 'mortgages' the words 'or second' and by adding the following sentence at the end of said subsection: 'Loans insured under this section shall not be in excess of 90 per centum of the amount certified by the county committee to be the value of the farm, less any prior lien indebetedness.'

"(i) The following new section 17 is added:

"'SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers on farms of not more than family size who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. No such loans shall be made to an applicant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebtedness shall be adjusted so as to be within such values. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000.'

"SEC. 2. Title II of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words 'Production and Subsistence Loans' in the title and inserting in lieu thereof the words 'Operating Loans', and by the amendment of section 21 to read as follows:

"'SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence: *Provided, however,* That loans may be made to operators who are bona fide farmers who have historically resided on farms and depended on farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, if the units are of sufficient size to produce income which, together with income from other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

"'(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No loan may be made to any one borrower under this section which would cause the total principal amount outstanding to exceed $10,000: *Provided, however,* That an amount not to exceed 10 per centum of the sum made available by annual appropriation for loans under this title may be used for making loans to borrowers, which would cause such indebtedness to exceed $10,000 but in no event may any loan be made which would cause such indebtedness to exceed $20,000.

"'(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed seven years from the date the original loan was made.

"'(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: *Provided, however,* That in justifiable cases where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within seven years is due to causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed ten years from the date the original loan was made, and during such extended term may make additional loans to such persons, if necessary.'

"SEC. 3. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

"(a) Section 41 (g) is amended to read as follows:

"'(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers' Home Administration under any of its programs, as circumstances may require: *Provided, however,* That—

"'(1) compromise adjustment, or reduction of claims of $15,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General pursuant to the provisions of section 3469 of the Revised Statutes (31 U. S. C. 194);

"'(2) compromise, adjustment, or reduction of claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

"'(3) releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

"'(A) borrowers who have transferred the security property to other approved applicants under agreements assuming the outstanding secured indebtedness; and

"'(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"'(4) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this Act; and

"'(5) any claim which has been due and payable for 5 years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt payment ability, or is deceased and has left no estate, or has been absent from his last known address for a period of at least 5 years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided, however,* That claims involving a principal balance of $150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical.'

"(b) The first sentence of section 42 (a) is amended by inserting after the word 'county' in each of three places the words 'or area'.

"(c) Section 43 (d) is amended by striking the words 'as family-size farms'.

"(d) Section 51 is amended to read as follows:

"'SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by or acquired by the Secretary under any programs administered by the Farmers' Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of 1 year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act. Any advances or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortgage insurance fund.'

"SEC. 4. Section 1 of the Act of August 31, 1954, as amended (68 Stat. 999; 69 Stat. 223), is further amended by striking the figures '1957' and inserting in lieu thereof the figures '1959' and by striking the figures '$15 million' and inserting in lieu thereof '$65 million'."

And the Senate agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
G. M. GRANT,
CLIFFORD R. HOPE,
AUGUST H. ANDRESEN,
Managers on the Part of the House.

ALLEN J. ELLENDER,
OLIN D. JOHNSTON,
SPESSARD L. HOLLAND,
GEORGE D. AIKEN,
MILTON R. YOUNG,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The Senate amendment struck out all after the enacting clause of the House bill and inserted language differing from that adopted by the House in a number of respects. The conferees have agreed upon a substitute amendment which in most respects is identical with the bill as it passed the House. Following are the major differences between the House bill and the substitute amendment recommended herewith by the Committee of Conference:

LOANS TO PART-TIME FARMERS

The definition of a part-time farmer appearing in section 1 (c) and also in section 2 of the bill, is almost the same as that adopted by the House. Eliminated from the definition is language inserted by the Senate which would have limited refinancing loans to part-time farmers to debts against the real estate and makes it clear that such loans may cover refinancing of any indebtedness for agricultural purposes, including those secured both by real estate and chattel mortgages.

LOANS FOR TENANT HOUSE CONSTRUCTION AND REPAIR

The conferees accepted a Senate provision authorizing insurance of loans of not to exceed $15,000 for the construction, improvement, repair, or replacement of farm dwellings and other farm buildings on farms, the operation of which require no more than three farm families or three farm dwellings.

5-PERCENT INTEREST RATE

Eliminated from the conference bill is a Senate provision which would have stricken from the existing language of the act reference to prevailing rates of interest in excess of 5 percent as one of the qualifications for eligibility for an FHA loan. The conferees retained the House language, which retains that provision in existing law, but they point out that it is not the intention of the act being amended nor of the conferees to use the facilities of the Farmers Home Administration for the financing of well-to-do farmers who should be able to obtain adequate credit from other sources and that the reference to payment of prevailing interest in excess of 5 percent in the act is only one of the qualifications established in the act for eligibility for an FHA loan.

"AVERAGE VALUE" CRITERION

The Senate amendment (sec. 1 (e)) would have eliminated from existing law the provision that FHA loans may not be made for the acquisition or enlargement of farms which have a value in excess of the average value of efficient family-type farms in the county. The conference amendment will

retain this language in the existing law with a slight amendment to provide that improvement or refinancing loans (as distinguished from acquisition or enlargement loans) may be made with respect to farms above the "average value" level.

INSURANCE OF SECOND MORTGAGE LOANS

The House conferees accepted a Senate provision (sec. 1 (h)) which will authorize insurance of second mortgage loans on real estate, as well as first mortgage loans.

MAXIMUM AMOUNT OF OPERATING LOANS

The House conferees accepted the Senate formula with respect to the maximum amount of operating loans. This formula provides that no loan to any one borrower may exceed $10,000, with the exception that not to exceed 10 percent of the funds made available by annual appropriation for such loans may be used to make loans up to $20,000.

HARDSHIP CASES

The House bill provided that production loans might be extended beyond the present 7-year limitation only in instances of hardship occurring in areas declared by the Secretary of Agriculture or the President to be disaster areas. The language agreed to by the conferees will permit extension of such loans in the case of individual hardship without restriction as to area but with the provision that no such loan may be extended for more than ten years from the original date the loan was made.

EXTENSION OF "ECONOMIC DISASTER" LOAN PROGRAM

The Senate conferees accepted the provisions of Section 4 of the House bill extending for two years the operation of the Act of August 31, 1954, and providing an additional 50 million dollars in loan funds. There was no such provision in the Senate bill, due to the fact that this matter had been handled in separate legislation by the Senate.

HAROLD D. COOLEY,
W. R. POAGE,
G. M. GRANT,
CLIFFORD R. HOPE,
AUGUST H. ANDRESEN,
Managers on the Part of the House.

NUCLEAR-POWERED MERCHANT SHIP

Mr. BONNER submitted the following conference report and statement on the bill (H. R. 6243) authorizing the construction of a nuclear-powered merchant ship to promote the peacetime application of atomic energy, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 2870)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6243) authorizing the construction of a nuclear-powered merchant ship to promote the peacetime application of atomic energy, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That title VII of the Merchant Marine Act, 1936, as amended (46 U. S. C., secs. 1191–1204), is amended by adding at the end thereof the following new section:

"SEC. 716. There is hereby authorized to be appropriated to the Department of Commerce, Maritime Administration, and the Atomic Energy Commission, such sums as may be necessary, to remain available until expended, for the construction, outfitting, and preparation for operation, including training of qualified personnel, of a nuclear-powered merchant ship capable of providing shipping services on routes essential for maintaining the flow of the foreign commerce of the United States. The Maritime Administration, and the Atomic Energy Commission, in carrying on activities and functions under this paragraph, may collaborate with and employ persons, firms, and corporations on a contract or fee basis for the performance of special services deemed necessary by such agencies in carrying on such activities and functions. The Administration may, for the same purposes, with the approval of the Secretary of Commerce and where appropriate the Atomic Energy Commission, avail itself of the use of licenses, information, services, facilities, offices, and employees of any executive department, independent establishment, or other agency of the Government, including any field service thereof.'"

And the Senate agree to the same.

That the title of the bill be amended to read as follows: "An act to amend title VII of the Merchant Marine Act, 1936, to authorize the construction of a nuclear-powered merchant ship for operation in foreign commerce of the United States, and for other purposes."

HERBERT C. BONNER,
EDWARD J. ROBESON, Jr.,
T. JAMES TUMULTY,
THOR C. TOLLEFSON,
JOHN J. ALLEN, Jr.
Managers on the Part of the House.

WARREN G. MAGNUSON,
JOHN O. PASTORE,
PRICE DANIEL,
JOHN M. BUTLER,
JAS. H. DUFF,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6243) authorizing the construction of a nuclear-powered merchant ship to promote the peacetime application of atomic energy, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

H. R. 6243, as passed by the House, authorized the appropriation to the Department of Commerce Maritime Administration, for the purpose of developing as speedily as possible the use of nuclear transportation power in peaceful pursuits of foreign and domestic commerce, such sums as might be necessary, to remain available until expended for the construction, outfitting, and preparation for operation, including training of qualified personnel, of a nuclear powered merchant vessel of such type, size, and speed as the Secretary of Commerce, with the approval of the President, might determine to be most appropriate. It provided that its purposes should be achieved subject to the provisions of the Merchant Marine Act of 1936, as amended, and that the Maritime Administration, in carrying on its activities and functions thereunder, might employ persons, firms and corporations on a contract or fee basis for the performance of special services deemed necessary by it, and avail itself of the use of licenses, information, services, facilities, offices and employees of any executive department, independent establishment or other agency of the Government in connection therewith.

As amended by the Senate, the bill provided that the authority granted by it would be in the form of two new paragraphs to be added at the end of section 212 (c) of the Merchant Marine Act of 1936, as amended; and deleted the language stating the purpose of the bill and the language providing that the construction, outfitting, and preparation for operation, including training for qualified personnel, should be subject to the provisions of the Merchant Marine Act of 1936, as amended. The Senate amendment further included the Atomic Energy Commission with the Department of Commerce Maritime Administration in its authorization for the appropriation of funds and the carrying on of activities and functions, and authority to collaborate with other persons, firms, and corporations for the performance of special services, and to avail itself of the use of licenses, information, etc., of other branches of the Government. The Senate amendment modified the description of the vessel as contained in the House-passed version to read "a nuclear-powered prototype merchant ship capable of providing shipping services on routes essential for maintaining the flow of foreign commerce of the United States. Finally, as amended by the Senate, there was added to the bill a paragraph granting special authority to the Maritime Administration to conduct research and experiments, to develop plans and designs, procedures, and equipment for the improvement of wharves, docks, piers, warehouses, and other port facilities used in the movement and handling of cargo, passengers, and other commerce in ports in connection with water transportation. The Senate amendment also amended the title of the bill.

The conference managers on the part of the House and Senate agreed to the bill as amended by the Senate with the following exceptions:

(1) That the authority and provisions of the bill should, for technical reasons, be incorporated as a new section in Title VII, Merchant Marine Act of 1936, as amended, instead of as an addition to Section 212 (c) of said Act;

(2) That the word, "prototype", be deleted;

(3) That the second paragraph of the bill regarding authority to conduct research and experiments, and other activities, relating to the improvement of wharves, docks, etc., was not germane to the purpose of the bill and should be deleted; and

(4) That the title of the bill, as amended by the Senate, should be further amended to conform to the changes agreed upon.

The conferees understood that in carrying out the activities and functions authorized by the bill the Atomic Energy Commission would be responsible for the nuclear reactor, and the Department of Commerce, Maritime Administration, would be responsible for design and construction of the vessel itself and all of its equipment and machinery other than the reactor. It was the contemplation of the conferees that the vessel would contain the most advanced type of reactor possible for a practical merchant ship which would be a definite step forward in the art of nuclear propulsion utilizing all experience and improvements learned to date. In other words, the reactor would not be one which has already been produced for other purposes. The project should be given the highest priority and completed as soon as is consistently possible for such an improved design. It is also hoped that most of the design details of the reactor could be unclassified in order to facilitate maximum sharing of the information.

As to the type of ship to be built, it is the belief of the managers on the part of the House that the first experimental application of nuclear power should be to a practical merchant vessel of combination passenger and cargo design. The managers on the part of the House emphasized that testimony on

the bill as it was originally before the House, was predicated on that understanding.

HERBERT C. BONNER,
EDWARD J. ROBESON, Jr.,
T. JAMES TUMULTY,
THOR C. TOLLEFSON,
JOHN J. ALLEN, Jr.,
Managers on the Part of the House.

VETERANS' ADMINISTRATION HOSPITAL PROGRAM

(Mr. AVERY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. AVERY. Mr. Speaker, during the recess following the 1st session of the 84th Congress it was my privilege to visit 15 hospitals located in the West and South of this country, operated by the Veterans' Administration for the care of our disabled veterans. I was very much impressed with this operation and the magnitude of it.

On any given day there are approximately 114,000 veterans hospitalized in Veterans' Administration hospitals throughout the country or in contract hospitals which have agreed to furnish services to veterans because of their service-connected disabilities. At the same time there are usually pending in any given day over 20,000 applications for admission because of a non-service-connected disability.

This hospital program also generally includes a program of domiciliary care of which there are approximately 16,000 members taken care of each day in the year.

During the current fiscal year we will spend just under $663 million for the operation and administration of our 174 Veterans' Administration hospitals. In addition, medical administration will cost nearly $21 million, and over $82 million will be spent on outpatient care. I think, based on my experience in visiting these hospitals and as a member of the Subcommittee on Hospitals of the Committee on Veterans' Affairs, that no better use of our tax funds can be made than the care of our sick and needy veterans. Comparing these amounts with other expenditures for Government operations, the total sum is not excessive.

I am happy also to have played a part under the leadership of the chairman of the Committee on Veterans' Affairs, in securing additional funds for the renovation, modernization, and in some cases the new construction of needed hospitals. In the current fiscal year we are spending $21½ million more for this purpose than we did in the last fiscal year, and the hospital program is in much better shape today than it has been in many years past. This can be a source of gratification and pride to us all.

All of this is brought into focus by a letter which I received only a few days ago and which was totally unsolicited—a letter expressing the deep appreciation and gratitude of the family of a veteran who recently died in the Veterans' Administration hospital at Fargo, N. Dak. It pays more eloquent tribute than I can to the doctors and nurses of that hospital and, in fact, to the doctors and nurses of the entire hospital system. It is a tribute well merited, in my opinion, but all too often not received after medical personnel have done all in their power for a suffering veteran.

The letter follows:

LEAVENWORTH, KANS., *July 10, 1956.*

Hon. WILLIAM H. AVERY,
House of Representatives,
Washington, D. C.

DEAR BILL: I believe you are a member of the committee concerning Veterans Administration hospitals. Therefore, I think it is fitting and proper that I should write you concerning my brother's death.

While vacationing at Fargo, N. Dak., my brother Jim, a casualty of World War II became ill and was taken to the Veterans' Administration hospital at Fargo. Jim was operated on for appendicitis and while peritonitis had set in the operation was successful until an old heart ailment as the result of the war took him from this life.

According to my sister-in-law who is a nurse the whole staff at this VA hospital were wonderful and worked very hard up to the last in an effort to save Jim's life and I doubt if he would have received better medical attention at any of our highly rated private hospitals than he received at Fargo.

A Doctor Jordan performed the operation, a heart specialist attended Jim and all the other doctors who assisted performed magnificently in their efforts to save the life of a veteran. The nurses also were efficient and scrupulous in the performance of their duties. Other than Doctor Jordan I do not know the names of the staff.

My brother was a total stranger to them all but nevertheless the staff at the Fargo V. A. hospital certainly exemplified the great interest in a veteran that you folks back in Congress expect to be taken. Our family will always feel grateful to that staff at the Fargo hospital.

Sincerely,

ED LARKIN.

LONG RANGE NONDEFENSE DOMESTIC MINERAL PROGRAM

(Mr. BERRY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BERRY. Mr. Speaker, I feel that I would be remiss in my duties as a Member of Congress from the Midwest if I did not call attention to the House the fact that President Eisenhower has signed S. 3982, which was amended by the Interior Committee in the House, to make a more workable and realistic bill.

The law provides for the extending of assistance to domestic mines producing tungsten, asbestos, acid grade fluorspar, and columbite-tantalite, and will enable these basic industries to survive until the executive agencies have developed a long-range domestic minerals program.

This administration has demonstrated its appreciation of the problem and the need for a long-range nondefense domestic mineral program in order to assure the continued production of mineral raw materials essential to the peacetime economy of the United States, and certainly essential to any wartime economy. The President's Cabinet Committee on Mineral Policy in its report dated November 30, 1954, pointed to the need of a long-range domestic minerals program. The President subsequently authorized the Department of Interior to determine and recommend such a program. The Secretary of Interior, the Honorable Fred A. Seaton, recently stated that the Department will develop a long-range domestic minerals program for the consideration of Congress.

Until such time as such program is developed by the executive branch and considered by Congress, it is in the national interest that we continue the development of our domestic mines rather than permit the influx of these basic raw materials from foreign sources of supply which are bound to spell destruction to our domestic mining industries.

As President Eisenhower has indicated, it would be foolhardy to let our strategic mining industry die—to waste the investment that the Federal Government has made—to scatter the technical talent which is so necessary to such a complex undertaking. Not only must we stockpile material, but we must stockpile the elements of production.

Many experts also feel that we will soon see a greatly expanded use of these minerals in our own domestic industry. Since the beginning of World War II, and I am sorry to say until the present, our Government has succeeded by various means in bringing about a tremendous expansion in the production of minerals and metals from foreign sources of supply. During this 14-year period our domestic mining industry has been relegated to the role of playing second fiddle to our foreign minerals programs.

Since 1941 we have poured billions of dollars into the exploration, development and exploitation of mineral deposits in foreign countries creating many new mines and expanding others. We enriched the treasuries of foreign mining companies through World War II purchase contracts and incentives. We built defense plants at the site of foreign deposits and later disposed of them at a fraction of their cost, foreign-aid programs, liberal loans, investment guarantees, technical assistance, long-range purchase contracts under the authority of the National Stockpiling Act and the Defense Production Act and other outright subsidy programs, to say nothing of the added assistance to foreign production and importation through tariff reductions.

Our greatly expanded needs during World War II and the Korean war made it necessary to stimulate production. We did not, however, take the necessary steps to strengthen and sustain our own domestic mining industries. Unfortunately, certain shortsighted proponents of our foreign minerals program in the executive agencies and elsewhere had their day, resulting in a complete disregard and indifference to our domestic deposits and the needs and welfare of the domestic mining industry.

It is, of course, a known fact that our domestic industry cannot compete with foreign industry when mine labor in the United States is earning $20 per day as compared with $2 per day in many of the foreign countries.

Without adequate compensatory or equalizing measures, which must be provided by the Federal Government, little or no tungsten, asbestos, fluorspar, columbite-tantalite, mica, beryl, chromite or any of these other mineral de-

out the portion of the bill dealing with the channeling of Government procurement contracts into distressed areas (p. 13314).

13. FOOD RESERVE. Sen. Martin, Iowa, inserted his statement relating to the establishment of an international food and raw materials reserve under the U. N. p. 13111

14. ASC COMMITTEES. Sen. Symington inserted and discussed correspondence with the Secretary concerning the operations of the Missouri State ASC Committee. p. 13119

15. RECLAMATION. Sen. Morse inserted correspondence from a local Chamber of Commerce regarding the size of farm units in the Columbia Basin project. p. 13282

16. RESEARCH. Sen. Mundt inserted a statement by Rep. Jensen, Iowa, and himself concerning the utilization of grain alcohol in the manufacture of fuel used for motor vehicles. p. 13283

17. HOUSING. Passed with amendment H. R. 11742, to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, including provisions for farm housing loans and disposal of certain farm-labor camps. Conferees were appointed. p. 13294

18. FISHERIES. Sen Neuberger inserted a telegram from a local outdoor group favoring S. 3275, the fisheries bill. p. 13322

19. FOREIGN AFFAIRS. Sen. Morse inserted an Oregon Farmer Union article, "Patton on Foreign Aid". p. 13283

Sen. Malone stated that free trade destroys American workingmen and investors. p. 13321

20. IMPORTS. The Finance Committee reported without amendment H. R. 12254, to provide additional time for the Tariff Commission to review the customs tariff schedules (S. Rept. 2780). p. 13069

21. EXECUTIVE PAY; RETIREMENT. The "Daily Digest" states that "Conferees, in executive session, agreed to file a conference report on the differences between the Senate-and House-passed versions of H. R. 7619, to adjust the rates of compensation of heads of executive departments and of certain other Federal officials". p. D884

22. TRANSPORTATION. The Interstate and Foreign Commerce Committee submitted a report, "Transportation Problems of Alaska and the Pacific Coast States" (S. Rept. 2802). p. 13070

23. LEGISLATIVE PROGRAM. Sen. Johnson announced that the Great Plains bill and Guar seed bills would be considered today (p. 13096). Agreed to waive the requirement that committee reports must lie over a day before being taken up (p. 13107).

July 25, 1956

HOUSE

24. FARM LOANS. Both Houses agreed to the conference report (see Digest 125) on H. R. 11544, to improve and simplify the credit facilities available to farmers and to amend the Bankhead-Jones Farm Tenant Act. This bill is now ready for the President. pp. 13231, 13293

25. WATERSHEDS. Both Houses ageeed to the conference report on H. R. 8750, to amend the Watershed Protection and Flood Prevention Act. This bill is now ready for the President. pp. 13231, 13293

26. FOREIGN TRADE; SURPLUS COMMODITIES. Both Houses agreed to the conference report on S. 3903, to increase from $1.5 billion to $3 billion the authorization under title I of the Agricultural Trade Development and Assistance Act. This bill is now ready for the President. pp. 13232, 13293

27. FOREIGN AID. Conferees were appointed, and later the conference report was received on H. R. 12130, the mutual security appropriation bill for 1957. The conference report includes provisions: Appropriating $250 million for development assistance, deleting Senate language continuing funds available until June 30, 1958; appropriating $135 million for technical assistance (instead of $140,500,000 as proposed by the Senate), and $15,500,000 for U. N. technical assistance (instead of $10 million as proposed by the House); appropriating $2,500,000 for ocean freight charges (instead of $1,400,000 as proposed by the House and $3,000,000 as proposed by the Senate). (H. Rept. 2931). pp. 13124, 13253

28. HOUSING. Passed with amendment H. R. 11742, to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities. The amendment to H. R. 11742, consisted of inserting the language of H. R. 12328, a similar bill. p. 13130

29. WHEAT. Passed without amendment S. 4221, to extend the period of the International Wheat Agreement until July 31, 1959. This bill is now ready for the President. p. 13161

30. FLOOD INSURANCE. Passed with amendments S. 3732, to provide insurance against flood damages. Adopted an amendment offered by Rep. Dies to require States to contribute one-half of the cost of the program after June 30, 1959, and an amendment by Rep. Dodd to authorize the Administrator to fix the premium on the loans as well as to establish the premium on the insurance. p. 13212

31. PERSONNEL. Rep. Lesinski discussed the administration of the Federal employees' loyalty-security program and inserted a statement by M. E. Markwood, of the NFEE, suggesting a revision of this system. p. 13242

Received from the Treasury Department a report on operations of Federal agencies in connection with the bonding of employees; to the Post Office and Civil Service Committee. p. 13255

32. FORESTRY. Received and agreed to the conference report on H. R. 5712, to provide that the U. S. hold in trust for the Pueblos of Zia and Jemez a part of the Ojo del Espiritu Santo Grant and a small area of public domain adjacent thereto (H. Rept. 2907). p. 13127

The Agriculture Committee reported with amendment H. R. 3436, to provide that sums paid to States from moneys received from national forests may be used

AUTHORIZING SECRETARY OF COMMERCE TO SELL CERTAIN WAR-BUILT VESSELS

Mr. BONNER. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Joint Resolution 177 to authorize the Secretary of Commerce to sell certain war-built vessels.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There being no objection, the Clerk read the Senate joint resolution, as follows:

Resolved, etc., That (a) notwithstanding the provisions of section 11 of the Merchant Ship Sales Act of 1946, as amended, and section 510 (h) of the Merchant Marine Act, 1936, as amended, the Secretary of Commerce is authorized to sell within 1 year after the enactment of this joint resolution to the highest responsible bidder who is a citizen of the United States, within the meaning of section 2 of the Shipping Act, 1916, as amended, for employment on essential trade routes 3 and 4 to Cuba and Mexico, any two war-built vessels under the jurisdiction of the Secretary of Commerce, on an as is, where is, basis, provided that the Secretary of Commerce shall determine before entering into such sales that the purchaser possesses the ability, experience, financial resources, and other qualifications necessary to enable it to operate and maintain the vessels in service on that portion of essential trade routes 3 and 4 between Atlantic coast ports of the United States and Cuba and Mexico and to maintain adequate service on such portion of such routes. The upset prices of the vessels shall be their sales prices computed under the Merchant Ship Sales Act of 1946, as of January 15, 1951, depreciated (after reduction for residual value) on a straight line basis for the period from January 15, 1951, to the date of execution of the contract of sale, on the basis of the portion of a 20-year useful life of the vessels remaining after January 15, 1951.

(b) Each such sale shall be on the basis of the payment by the purchaser of not less than 25 percent of the vessel sales price at the time of execution of the vessel sales contract, with the balance payable in approximately equal annual installments over the remainder of the economic life of the vessel, which economic life is to be determined by the Maritime Administration, with interest on the portion of the vessel sales price remaining unpaid at the rate of 3½ percent per annum. The obligation of the purchaser with respect to payment of such unpaid balance, with interest, shall be secured by a preferred mortgage on the vessels in form satisfactory to the Maritime Administrator.

(c) (1) Such sales shall be made upon such conditions as the Secretary of Commerce deems necessary to protect the interests of the United States.

(2) Vessels sold under this act shall be employed exclusively as dry cargo common carriers on that portion of essential trade routes 3 and 4 between Atlantic coast ports of the United States and Cuba and Mexico, until the end of their useful lives, as determined under subsection (b) of this act, or until they are replaced by new tonnage, whichever happens first. These restrictions shall run at law and in equity with the titles to the vessels and are binding upon all subsequent owners.

(d) Any contract of sale executed under authority of this act shall provide that in the event the United States shall, through purchase or requisition, acquire ownership of any such vessel, the owner shall be paid therefor the value thereof, but in no event shall such payment exceed the actual depreciated sales price under such contract (together with the actual depreciated cost of capital improvements thereon); that in computing the depreciated acquisition cost of such vessel, the depreciation shall be computed on the vessel on the schedule adopted or accepted by the Secretary of the Treasury for income tax purposes as applicable to such vessel; that such vessel shall remain documented under the laws of the United States during the remainder of the economic life of the vessel or as long as there remains due the United States any principal or interest on account of the sales price, whichever is the longer period; and that the foregoing provisions respecting the requisition or the acquisition of ownership by the United States, and documentation shall run with the title to such vessel and be binding on all owners thereof.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FARM LOAN PROGRAM

Mr. COOLEY. Mr. Speaker, I call up the conference report on the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 21, 1956.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDING THE WATERSHED PROTECTION AND FLOOD PREVENTION ACT

Mr. COOLEY. Mr. Speaker, I call up the conference report on the bill (H. R. 8750) to amend the watershed protection and flood prevention act, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 24, 1956.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

ESTABLISHMENT OF COMMISSION FOR THE CELEBRATION OF THE 100TH ANNIVERSARY OF THE BIRTH OF THEODORE ROOSEVELT

Mr. FRAZIER submitted the following conference report and statement on the bill (S. 3386) to amend the joint resolution entitled "Joint resolution to establish a commission for the celebration of the 100th anniversary of the birth of Theodore Roosevelt," approved July 28, 1955:

CONFERENCE REPORT (H. REPT. No. 2930)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3386) to amend the joint resolution entitled "Joint resolution to establish a commission for the celebration of the one hundredth anniversary of the birth of Theodore Roosevelt," approved July 28, 1955, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

On line 8, strike out "$461,000" and insert in lieu thereof "$150,000"; and the House agree to the same.

JAMES B. FRAZIER, Jr.,
WILLIAM M. TUCK,
PATRICK J. HILLINGS,
Managers on the Part of the House.

JOSEPH C. O'MAHONEY,
PRICE DANIEL,
ARTHUR V. WATKINS,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3386) to amend the joint resolution entitled "Joint resolution to establish a commission for the celebration of the one hundredth anniversary of the birth of Theodore Roosevelt," approved July 28, 1955, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

S. 3386 authorizes the appropriation of funds for the Theodore Roosevelt Centennial Commission. As it passed the Senate it carried an authorization of $461,000. The House of Representatives amended S. 3386 to reduce this sum to $100,000. The managers on the part of the House recommend that the total authorization for the Theodore Roosevelt Centennial Commission be $150,000, the sum agreed upon by the conferees.

JAMES B. FRAZIER, Jr.,
WILLIAM M. TUCK,
PATRICK J. HILLINGS,
Managers on the Part of the House.

Mr. FRAZIER. Mr. Speaker, I call up the conference report on the bill (S. 3386) to amend the joint resolution entitled "Joint resolution to establish a Commission for the Celebration of the 100th Anniversary of the Birth of Theodore Roosevelt," approved July 28, 1955, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the statement.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDMENTS TO PUBLIC LAW 480, 83D CONGRESS

Mr. COOLEY. Mr. Speaker, I call up the conference report on the bill (S. 3903) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 24, 1956.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

MRS. WARREN D. COOPER AND HER SON, TEDDY DEVERE COOPER

Mr. FORRESTER. Mr. Speaker, I offer a resolution (H. Con. Res. 269) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H. R. 8008) for the relief of Mrs. Warren D. Cooper and her son, Teddy Devere Cooper, the Clerk of the House is authorized and directed make the following correction:

On page 2, line 1 of the House engrossed bill, strike out the date "September 2, 1934" and insert "September 23, 1934"

The resolution was agreed to.

A motion to reconsider was laid on the table.

SAM H. RAY

Mr. FORRESTER. Mr. Speaker, I call up the conference report on the bill (H. R. 1637) for the relief of Sam H. Ray, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 21, 1956.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CLERK HIRE OF MEMBERS OF THE HOUSE OF REPRESENTATIVES

Mr. THOMAS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 12354) relating to clerk hire of Members of the House of Representatives.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. LECOMPTE. Mr. Speaker, reserving the right to object, does that just apply to districts with a population in excess of 500,000?

Mr. THOMAS. Yes; it has been so changed. That is all this applies to.

Mr. LECOMPTE. Does it apply to Resident Commissioners and Delegates?

Mr. THOMAS. If they have in excess of 500,000.

Mr. LECOMPTE. I withdraw my reservation of objection, Mr. Speaker.

Mr. PATTERSON. Mr. Speaker, further reserving the right to object, does that also apply to a Congressman at Large?

Mr. THOMAS. Yes.

Mr. LECOMPTE. All Congressmen at Large?

Mr. THOMAS. No, just those that have 500,000 or over.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That (a) the first sentence of section 11 (a) of the Legislative Appropriation Act, 1956 (69 Stat. 509; Public Law 242, 84th Cong.; 2 U. S. C. 60g–1), is amended by inserting immediately before the period at the end of such first sentence the following: "except that, in the case of each Member, Delegate, and Resident Commissioner the population of whose constituency is 500,000 or more, as currently estimated by the Bureau of the Census, such basic rate shall be increased by not to exceed $2,500 per annum".

(b) The joint resolution entitled "Joint resolution providing for pay to clerks to Members of Congress and Delegates," approved January 25, 1923, as amended (2 U. S. C. 92), is amended by inserting immediately after "to be designated by each Member, Delegate, or Resident Commissioner" the following: "or, in the case of each Member, Delegate, and Resident Commissioner the population of whose constituency is 500,000 or more, as currently estimated by the Bureau of the Census, not to exceed the foregoing number increased by 1, to be designated by each such Member, Delegate, and Resident Commissioner, as the case may be."

(c) Applicable appropriations shall be available for the purposes of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MR. AND MRS. HERMAN E. MOSLEY

Mr. FORRESTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1420) for the relief of Mr. and Mrs. Herman E. Mosley, as natural parents of Herman E. Mosley, Jr., with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 7, strike out "$5,579.25" and insert $5,000."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

PAUL H. SARVIS, SR.

Mr. FORRESTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3062) for the relief of Paul H. Sarvis, Sr., with Senate amendments thereto and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 2, strike out all after "June 21," down to and including line 14 and insert "1953."

Page 2, after line 14, insert:

"SEC. 2. The acceptance of the sum authorized to be paid by the first section of this act by the said Paul H. Sarvis, Sr., shall constitute a sale by him to the Commodity Credit Corporation of all his right, title, and interest in and to such seed; and Paul H. Sarvis, Sr., shall not be liable for any transportation, loading, or warehouse storage charges which may have accrued on or after such date with respect to such 5,000 pounds of seed."

Page 2, after line 14, insert:

"SEC. 3. No part of the amount appropriated in this act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Amend the title so as to read: "An act for the relief of Paul H. Sarvis, Sr., and for other purposes."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. MARTIN. Mr. Speaker, reserving the right to object, I assume these have been cleared with the minority members of the committee?

Mr. FORRESTER. I have been so advised, yes.

Mr. MARTIN. Mr. Speaker, that being so, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

CYRUS B. FOLLMER

Mr. FORRESTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 11207) for the relief of Cyrus B. Follmer, with a Senate amendment thereto, and concur in the Senate amendment.

AMENDMENT OF CERTAIN ADMINISTRATIVE PROVISIONS OF TARIFF ACT OF 1930—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, I believe that the Senator from Virginia [Mr. BYRD] has a conference report on the customs simplification bill, House bill 6040. I ask that the report be submitted, so it may be considered by the Senate.

Mr. BYRD. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6040) to amend certain administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the customs laws. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 21, 1956, p. 12654, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. BYRD. Mr. President, the Senate receded on only 1 amendment, and the House receded on 12. So the conference report is practically the bill as it was passed by the Senate. It is a unanimous report by the conferees.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

AMENDMENT OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954—CONFERENCE REPORT

Mr. ELLENDER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3903) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, so as to increase the amount authorized to be appropriated for purposes of title I of the act, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 24, 1956, pp. 13056–13057, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. ELLENDER. Mr. President, the conferees agreed unanimously on the provisions of the conference report. I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an explanation of the differences between S. 3903 as passed by the Senate and the conference substitute therefor.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

DIFFERENCES BETWEEN S. 3903 AS PASSED BY THE SENATE AND THE CONFERENCE SUBSTITUTE THEREFOR

1. The provision of S. 3903 (sec. 2) providing for the use of foreign currencies generated under title I for American schools, libraries, and community centers abroad has been modified in technical respects (1) to conform to changes made in Public Law 480 by the Mutual Security Act of 1956 and (2) to meet parliamentary objections in the House. No change in substance was made in this provision.

2. The Senate bill would have modified section 304 of Public Law 480 so as to restrict it to title I transactions and permit barter with Iron Curtain satellites. The House amendment would have modified it to make it clear that barter with such countries is prohibited. The conference substitute omits both the House and Senate provisions and leaves the law unchanged.

3. The conference substitute extends the famine and urgent relief provisions of title II to provide assistance in meeting extraordinary relief requirements, such as those for refugee relief, which may be extraordinary although no longer urgent.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

CREDIT FACILITIES AVAILABLE TO FARMERS—CONFERENCE REPORT

Mr. ELLENDER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 21, 1956, pp. 12657–12658, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. ELLENDER. Mr. President, the conferees were unanimous in their decision. I ask unanimous consent to have printed in the RECORD at this point an explanation of the differences between the conference substitute and the Senate amendment to House bill 11544.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

DIFFERENCES BETWEEN THE CONFERENCE SUBSTITUTE AND THE SENATE AMENDMENT TO H. R. 11544

1. The House bill and the Senate amendment contained language restricting farm ownership and operating loans on less than family-size farms to bona fide farmers, but defined bona fide farmers somewhat differently. The conference substitute generally follows the House bill in this respect, but substitutes historical residence on a farm and historical dependence on farm income for dependence during 1 of the last 10 years on farm income.

2. The Senate amendment would have limited farm ownership refinancing loans on less than family-size farms to loans to refinance indebtedness constituting a lien on the farm. The conference substitute would permit such loans to refinance indebtedness incurred for any agricultural purpose.

3. The Senate amendment would have prohibited farm ownership or operating loans to borrowers able to obtain loans from other sources at "reasonable rates." The conference substitute leaves the eixsting law unchanged. Existing law prohibits such loans if obtainable elsewhere at prevailing rates but not in excess of 5 percent. The conferees felt the existing law to be adequate to assure that such loans will be restricted to other than the well-to-do farmers.

4. The Senate amendment would have permitted loans to be made on family-size farms having a value in excess of the average value of efficient family-size farms in the community. The conference substitute would permit improvement loans to be made for such farms, but not acquisition or enlargement loans.

5. The conference substitute would extend the economic emergency loan authority of Public Law 727, 83d Congress for 2 years and increase the overall limitation on such authority to $65 million. The Senate amendment contained no similar provision, the Senate having previously passed S. 3559, to provide for a similar extension and to increase the limitation to $50 million.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

AMENDMENT OF WATERSHED PROTECTION AND FLOOD PREVENTION ACT—CONFERENCE REPORT

Mr. KERR. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 8750) to amend the Watershed Protection and Flood Prevention Act. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 24, 1956, pp. 13055–13056, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. KNOWLAND. Mr. President, was the conference report signed by all the conferees?

Mr. KERR. It was. I will say to the Senator from California that the provisions agreed upon in conference were substantially in line with the spirit of the bill as passed by the Senate.

There were three principal changes. First, the Senate bill had provided that in certain instances plans should be submitted to the Public Works Committees of the House and Senate. In the bill as

passed by the House, it was provided that the plans be referred to the Agriculture Committees of the House and Senate.

It was agreed in conference—and certain specifications were agreed upon—that when the plan was predominantly a flood control plan, it be referred to the Public Works Committee, and when it was predominantly an agricultural plan, it be referred to the Agriculture Committees.

An effort was made to make especially clear the intent of the language as provided by the Senate, which permitted the local organization to have the optional right of employing engineering services in connection with plans for development. Where the structure for the impounding of water exceeded 5,000 acre-feet—in other words, when it became a structure which involved a considerable part of the program in the matter of conservation of water for municipal water supplies or irrigation—the privilege of employing local engineering services was made optional.

The other point, as I recall, was to clarify the language in the bill which specified that help was available to the local organization from the Secretary of Agriculture, in the preparation of specifications for the plan. The employment of necessary assistance in preparing advertisements for bids and entering into contracts for carrying out the structure as planned, was provided for.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. AIKEN. Mr. President, let me say for the RECORD that both the Department of Agriculture and the Bureau of the Budget are opposed to this bill, although it was not generally known at the time it was passed by the Senate last Saturday morning.

Yesterday I had inserted in the RECORD, at page 12967, correspondence from these two agencies of the Government, setting forth their opposition to the bill.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

EXTENSION OF TIME WITHIN WHICH AWARDS OF CERTAIN MILITARY AND NAVAL DECORATIONS MAY BE MADE—CONFERENCE REPORT

Mr. STENNIS. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1637) to extend the time limit within which awards of certain military and naval decorations may be made. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. STENNIS. Mr. President, the conference report is signed by all the conferees on the part of the Senate and the House.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

IMPROVEMENT OF HOUSING AND CONSERVATION AND DEVELOPMENT OF URBAN COMMUNITIES

Mr. FULBRIGHT. Mr. President, I ask that the Chair lay before the Senate a hand engrossed copy of House bill 11742, which has just come over from the House of Representatives.

The PRESIDING OFFICER. The Chair lays before the Senate a bill coming over from the House of Representatives.

The bill (H. R. 11742) to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes, was read twice by its title.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. FULBRIGHT. Mr. President, I offer an amendment in the nature of a substitute. I ask that the amendment be printed in the RECORD at this point without reading.

The PRESIDING OFFICER. Without objection, the amendment may be printed in the RECORD at this point without reading.

The amendment offered by Mr. FULBRIGHT, in the nature of a substitute, was to strike out all after the enacting clause and insert:

Be it enacted, etc., That this act may be cited as the "Housing Amendments of 1956."

TITLE I—FHA INSURANCE PROGRAMS

PROPERTY IMPROVEMENT LOANS

SEC. 101. (a) Section 2 (a) of the National Housing Act, as amended, is hereby amended by striking out "September 30, 1956," and inserting in lieu thereof "September 30, 1959."

(b) Section 2 (b) of such act, as amended, is amended by—

(1) striking out "made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds $2,500, or for the purpose of financing the construction of new structures exceeds $3,000" and inserting "exceeds $3,500";

(2) striking out "except that" in clause (2) and inserting "except that the Commissioner may increase such maximum limitation to 5 years and 32 days if he determines such increase to be in the public interest after giving consideration to the general effect of such increase upon borrowers, the building industry, and the general economy, and"; and

(3) striking out the first proviso and inserting in lieu thereof the following: "*Provided*, That no insurance shall be granted under this section (A) in the case of any obligation in a principal amount of $2,500 or less, representing any loan, advance of credit, or purchase made after the effective date of the Housing Amendments of 1956, if such obligation has a financing charge in excess of an amount equivalent to $5 discount per $100 original face amount of a 1-year note to be paid in equal monthly installments calculated from the date of the note, or (B) in the case of any such obligation in a principal amount in excess of $2,500, if such obligation has a financing charge in excess of (i) an amount equivalent to $5 discount per $100 original face amount of a 1-year note to be paid in equal monthly installments calculated from the date of the note, with respect to that part of the principal amount not in excess of $2,500, and (ii) an amount equivalent to $4 discount per $100 original face amount of a 1-year note to be paid in equal monthly installments calculated from the date of the note, with respect to that part of the principal amount which is in excess of $2,500: *Provided further*, That such charges correctly based on tables of calculations issued by the Commissioner, or adjusted to eliminate minor errors in computations in accordance with requirements of the Commissioner, shall be deemed to comply with the preceding proviso: *And provided further*, That insurance may be granted to any such financial institution with respect to any obligation not in excess of $15,000 (nor an average amount of $2,500 per family unit), having a maturity not in excess of 7 years and 32 days, representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families."

HAZARD INSURANCE ON FHA ACQUIRED PROPERTIES

SEC. 102. Title I of the National Housing Act, as amended, is hereby amended by adding at the end thereof the following new section:

"SEC. 10. Notwithstanding any other provision of law, the Commissioner is hereby authorized to establish a Fire and Hazard Loss Fund which shall be available to provide such fire and hazard risk coverage as the Commissioner, in his discretion, may determine to be appropriate with respect to real property acquired and held by him under the provisions of this act. For the purpose of operating such fund, the Commissioner is authorized in the name of the fund to transfer moneys and require payment of premiums or charges from any one or more of the several insurance funds established by this act and from the account established pursuant to section 2 (f) of this act, in such amounts and in such manner, including any repayments of such moneys, as the Commissioner, in his discretion, shall determine. In carrying out the authority created by this section, the Commissioner and the Fire and Hazard Loss Fund shall be exempt from all taxation, assessments, levies, or license fees now or hereafter imposed by the United States, by any Territory or possession thereof, or by any State, county, municipality, or local taxing authority. Moneys in the Fire and Hazard Loss Fund not needed for current operations of the fund shall be deposited with the Treasurer of the United States to the credit of the fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States or in bonds or other obligations which are lawful investments for fiduciary, trust, and public funds of the United States.

"Notwithstanding the provisions of this section, the Commissioner is authorized to purchase such other insurance protection as he may, in his discretion, determine, and he may further provide for reinsurance of any risk assumed by the Fire and Hazard Loss Fund."

COOPERATIVE HOUSING INSURANCE

SEC. 103. Section 213 (b) (2) of the National Housing Act, as amended, is amended by—

(1) striking out "65 percent" and inserting in lieu thereof "50 percent"; and

(2) amending the last proviso to read as follows: "*And provided further*, That for the purposes of this section the word 'veteran'

Public Law 878 - 84th Congress
Chapter 829 - 2d Session
H. R. 11544

AN ACT

All 70 Stat. 801.

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

Bankhead-Jones Farm Tenant Act, amendment.

(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

Section 1 (a) is amended by striking from the second sentence thereof the words "to assist borrowers under this title in making the" and inserting in lieu thereof the words "or insured for" and by striking the word "their" preceding the words "farming operations".

Power of Secretary. 60 Stat. 1072. 7 USC 1001.

(b) Section 1 (b) is amended by inserting after the word "only" in the first sentence the words "farm owners", by striking the words "(including owners of inadequate or underimproved farm units)", and by inserting in lieu of the words "the major portion" the words "a substantial portion".

(c) Section 1 (c) is amended to read as follows: "No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: *Provided, however*, That—

"(1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

"(2) loans may be made or mortgages insured to owner-operators who are bona fide farmers who have historically resided on farms and depended on farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, to repair or improve such farm units, and to refinance indebtedness of the owner incurred for agricultural purposes, if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

"(3) loans in amounts not exceeding $15,000 per farm for the construction, improvement, repair, or replacement of farm dwellings and other farm buildings on farms the operation of which require no more than three farm families or three farm dwellings may be insured under this Act."

(d) The second sentence of section 2 (b) is amended by striking the period at the end thereof and inserting a comma and the following: "except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm."

Certification. 60 Stat. 1074. 7 USC 1002.

(e) Section 3 (a) is amended to read as follows:

Amounts. 60 Stat. 1074. 7 USC 1003.

"SEC. 3. (a) Loans made under this title shall not be in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness, and shall be secured by a first or second mortgage or deed of trust on the farm. Loans may not be made for the acquisition or enlargement of farms which have a value, as acquired or enlarged, in excess of the average value of efficient

family-type farm-management units, as determined by the Secretary, in the county, parish, or locality where the farm is located."

60 Stat. 1076. 7 USC 1005b(b). (f) Section 12 (b) is amended by striking the figure "$100,000,000" and inserting in lieu thereof the figure "$125,000,000".

60 Stat. 1076. 7 USC 1005b(e). (g) Section 12 (e) is amended by striking from the last sentence of item (2) the words "to carry out the provisions of this title, relating to mortgage insurance" and by inserting in lieu thereof the words "of the Farmers Home Administration and may be transferred annually to that administrative expense account and become merged therewith".

69 Stat. 553. 7 USC 1006c. (h) Section 16 (a) is amended by inserting in the first sentence thereof before the word "mortgages" the words "or second" and by adding the following sentence at the end of said subsection: "Loans insured under this section shall not be in excess of 90 per centum of the amount certified by the county committee to be the value of the farm, less any prior lien indebtedness."

(i) The following new section 17 is added:

"SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers on farms of not more than family size who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. No such loans shall be made to an applicant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebtedness shall be adjusted so as to be within such values. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000."

60 Stat. 1072. 7 USC 1007. SEC. 6. Title II of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words "Production and Subsistence Loans" in the title and inserting in lieu thereof the words "Operating Loans", and by the amendment of section 21 to read as follows:

Borrowers and terms. "SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence: *Provided, however*, That loans may be made to operators who are bona fide farmers who have historically resided on farms and depended on farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, if the units are of sufficient size to produce income which, together with income from other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

Restrictions. "(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No loan may be made to any one borrower under this section which would cause the total principal amount outstanding to exceed $10,000: *Provided, however*, That an amount not to exceed 10 per centum of the sum made available by annual appropriation for loans under this title may be used for making loans to borrowers,

which would cause such indebtedness to exceed $10,000 but in no event may any loan be made which would cause such indebtedness to exceed $20,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed seven years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: *Provided, however*, That in justifiable cases where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within seven years is due to causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed ten years from the date the original loan was made, and during such extended term may make additional loans to such persons, if necessary."

SEC. 3. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

(a) Section 41 (g) is amended to read as follows:

Adjustment of claims.
60 Stat. 1064.
7 USC 1015.

"(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers' Home Administration under any of its programs, as circumstances may require: *Provided, however*, That—

"(1) compromise, adjustment, or reduction of claims of $15,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General pursuant to the provisions of section 3469 of the Revised Statutes (31 U. S. C. 194);

"(2) compromise, adjustment, or reduction of claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

"(3) releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

"(A) borrowers who have transferred the security property to other approved applicants under agreements assuming the outstanding secured indebtedness; and

"(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"(4) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this Act; and

"(5) any claim which has been due and payable for five years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt payment ability, or is deceased and has left no estate, or has been absent from

his last-known address for a period of at least five years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided, however*, That claims involving a principal balance of $150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical."

Term of office.
60 Stat. 1066.

(b) The first sentence of section 42 (a) is amended by inserting after the word "county" in each of three places the words "or area".

60 Stat. 1068.
7 USC 1017(d).

(c) Section 43 (d) is amended by striking the words "as family-size farms".

Bid at foreclosure.
60 Stat. 1070.
7 USC 1025.

(d) Section 51 is amended to read as follows:

"SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by or acquired by the Secretary under any programs administered by the Farmers' Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act. Any advances or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortgage insurance fund."

12 USC 1148a-1 note.

SEC. 4. Section 1 of the Act of August 31, 1954, as amended (68 Stat. 999; 69 Stat. 223), is further amended by striking the figures "1957" and inserting in lieu thereof the figures "1959" and by striking the figures "$15,000,000" and inserting in lieu thereof "$65,000,000".

Approved August 1, 1956.

468-A
13 3
3540E

U.S.D.A.
SEA/TIS
LAW LIBRARY
ROOM 1406 SOUTH
WASHINGTON D.C. 20250